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ABSTRACT

Thirty-two articles examine the theme of global interdependence from a variety of professional and personal angles. These papers exhibit a commitment to global issues and provide perspectives on education, government, and culture. Some of the articles are: (1) "The Network Revolution and Global Awareness" (Robert Abbott; Charles Hoppel); (2) "The Competitiveness of the Agroindustry Sector in Developing Countries: The Case of Turkey" (Huseyin Ates); (3) "East European Capitalism in Formation" (Peter Bihari; Andras Vigvari); (4) "The Environmental Consequences of Modernity and the Transformation of Post-Industrial Society" (Thomas A. Bonomo; Frank Lindenfeld); (5) "The Community Challenge for Inclusion: Changing How We Think About One Another" (Jeanette R. Drews); (6) "Multicultural Education: A Historical Review" (Hussein Fereshteh); (7) "Delivery System Preferences of Nontraditional Learners" (Carol L. Hodes); (8) "Viewing Child Maltreatment Cross-Culturally" (Sue Jackson); (9) Intercultural Relations in an Emerging World Civilization" (Hsien-Tung Liu); (10) "The United Nations and Collective Security" (David McCormick); (11) "Global Standards of the Convention on the Rights of the Child: America's Children Forgotten" (Dale L. Sultzbaugh): and (12) "Financing Privatization in Newly Emerging Democracies" (Wold Zemedkun). (CK)

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GLOBAL AWARENESS SOCIETY INTERNATIONAL

Journal of Global Awareness

ED 372 980

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PROCEEDINGS

1993 ANNUAL MEETING

THEME

GLOBAL INTERDEPENDENCE

JULY 1993
NEW YORK CITY
MARRIOTT MARQUIS HOTEL

**Institute for Global Awareness,
Research and Education**

Bloomsburg University
Bloomsburg, PA 17815

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Proceedings of the 1993 Annual Meeting

Journal of Global Awareness

Global Awareness Society International

Board of Editors:

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From the Executive Director:

It is with great pleasure that we have compiled this First Edition of the Proceedings of our second annual meeting held in New York City in July of 1993. The quantity and quality of the papers submitted for publication in this first edition is excellent and reflects the quality of the participants in this meeting.

In keeping with the theme of Global Interdependence, our thirty contributors examine that theme from a variety of professional and personal angles. The diversity and commitment to global issues exhibited in these papers is what makes the Global Awareness Society International unique among all the world's organizations.

If you feel that your paper merits publication in The *Journal of Global Awareness*, please read the Editorial Policy statement included in this edition for style requirements and deadlines.

The publication of these Proceedings is made possible with the support of Bloomsburg University and the Pennsylvania State System of Higher Education.

Jim Huber
Executive Director

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THE NETWORK REVOLUTION AND GLOBAL AWARENESS

by

ROBERT ABBOTT AND CHARLES HOPPEL
BLOOMSBURG UNIVERSITY

The Network Revolution and Global Awareness

by

Robert Abbott and Charles Hoppel
Bloomsburg University

Introduction

Telephone, television and computer technologies are converging to introduce a new phase of the information age which will produce an interactive, hyper-rich information environment of global reach. This will change the way we live, work and learn. It will add another dimension to the concepts of global awareness and the global village.

In this paper we hope to provide an overview of these developments to pique the interest of members of the Global Awareness Society in this global communication revolution. We would hope it will elicit questions about the need and availability of such capabilities for developing countries. We will provide a picture of the "wired" society of the future for it has significant implications for all of us. Other societies of global scope have similar interests and concerns as the Global Awareness Society. A few of these will be cited who are utilizing an international network called Internet and their efforts can be referenced there.

A major focus of this paper will be to introduce the readers to Internet and to propose various uses of it by the GAS to more efficiently achieve its goals. It will also suggest to readers how they might personally benefit from information relating to their disciplines and interests which can be available through the Internet.

The evolution of communication technology

Early civilizations experienced many revolutionary developments in communications beginning with the development of the spoken language. This development provided a means of communicating and storing information and ideas. The bards of the oral tradition carried news and provided a history of past events. Homer was probably a Greek bard and the Iliad an oral history that was later recorded in written language. Writing and printing followed providing quantum increases in the amount of information available in permanent and reproducible form. More recent advances came through telegraphy, telephony and radio. And we are all familiar with fax and television for allowing the communication of images. These later developments paralleled advances in electronic technology. Some say we are now in the "electronic information age". Our global awareness has expanded with all of these developments and will continue to expand at an increasing rate as the separate threads of the television, telephone and computer technologies continue to advance. But these hitherto separate threads are now being integrated to produce a new information age. These technologies, plus those of transportation, have, in the span of about 100 years, radically altered our world environment. We are beginning to understand what has happened. We are just beginning to sense what is going to happen. We will see a radical change in the global dimensions of time and space.

Most of us now use computers, an electronic technology that has been with us for only about 50 years. In that short time period it has become a crucial element in the infrastructure of modern society. Throughout this short history efforts were continuously made to make the computer easier to use by all levels of "users", from system and application developers to the end-users. The more powerful machines of today provide very user-friendly interfaces. Newer developments allow for very fast processing of graphical images and the rapid transmission of images over networks.

That which we call "networking" has evolved more recently and even more rapidly. It has been a merging of communication and computer technologies to allow, at least initially, computers/terminals to exchange data. A network of networks called Internet has evolved with phenomenal growth rates which allows for facile international communication and information exchange.

The above developments, plus multimedia and digital technology for audio and image forms has led to what many are calling the "network revolution". Mitchell Kapor, the founder of Lotus Corporation, was instrumental in establishing the Electronic Frontier Foundation to anticipate and explore legal considerations that can arise as this revolution progresses.

Changing global dimensions of time and space

The dimension of space has been greatly reduced by developments in modern transportation. With advances in communications it has all but disappeared. We speak to people on the other side of the town, country or world, in a matter of seconds when we use the phone. We transfer textual information over these distances in the same time frame with computer networks.

> .... (C)ommunications technologies have woven parts of the world together into an electronic web. No longer is community or dialogue restricted to a geographical place. With the advent of the fax machine, telephones, international publications, and computers, personal and professional relationships can be maintained irrespective of time and place.... Today we are all members of many global "non-place" communities(1)

We sit in our homes and routinely watch events happening around the world. We are truly beginning to see the shape of the global village emerging. Our reach is global. It has been so with the phone for many years, but this is for a very focused and personal communication between known parties. So too, for messages and document transfer in the business, governmental and military world. But with the advent of open access, global computer communication the world is becoming something quite different. On the cutting-edge we have video, audio and data being available interactively at school and in the workplace.

We now have the technologies to sit at a desk and see a colleague in another location on a video screen, to converse with the person while both looking at and working on a common document, picture, financial report or any other information that can be displayed on a computer screen. We will have available more information than we ever thought possible (we will have trouble finding our way around it and getting just what we want). We will be able to stay constantly linked to communication networks if we choose (pagers, phone messaging, and e-mail systems are hints of this). We can have information automatically downloaded to our handheld computers, or receive phone messages, stock prices and basketball scores on a wristwatch device(2)

Networking a nation for the future

Much of the interest in providing super highways for communication, particularly from the Clinton administration, is focused on the need for an expansion of the national network called Internet to handle mounting commercial traffic. This effort is being compared to the massive governmental effort that began in the 1950's to create a network of interstate highways. That effort was quite successful in creating a major new component in our transportation infrastructure. It created the trucking industry and speedier long distance motor travel. We are seeing the beginnings of the new communication superhighways in the fiber optic cabling being laid by the government and various segments of the communication and television industry. The impact should be even more profound and far-reaching than that of the of the interstate highway project. In this effort to provide information highways for the future, we are not likely to see a significant governmental role in the future developments. It is more likely that private industry will take over and expand the foundations established by the Internet. The telephone and cable television networks will have a crucial role in shaping the national communication infrastructure. They already provide connections to most homes in the country. Both will be contending to provide voice, video and data communication to the masses. The next several years will likely see the basic structure of a wired nation emerge as the telephone and cable industries contend to create a wired nation. The outcome is likely to be interactive, multimedia connections to the majority of American home by the year 2000.

While it appears that in the United States various commercial forces contending to provide information services and entertainment are likely to shape the emerging communication infrastructure, in other countries it will be a more planned development directed by government. Perhaps none has been more ready to articulate a vision of a wired nation than Singapore. This is clearly defined in their "Vision of an Intelligent Island", a document readily available to all on the Internet via the Singapore gopher server.

> In our vision, some 15 years from now, Singapore, the Intelligent Island, will be among the first countries in the world with an advanced nationwide information infrastructure. It will interconnect computers in virtually every home, office, school, and factory. The computer will evolve into an information appliance, combining the functions of the telephone, computer, TV and more. It will provide a wide range of communication means and access to services. The vision of the IT2000 is based on the far-reaching use of IT (information technology). (3)

The "Vision of an Intelligent Island" is a perceptive vision of where we are going. Singaporeans clearly plan to be in the forefront of global networking. The perceived economic benefits seem to be recognized in many nations today. Again, this is clearly stated by the Singaporeans:

> The potential benefits to the economy are immense. Information is becoming a critical factor of production providing the many industries with the impetus to enhance their competitiveness. It is transforming the economy. For example, innovative exploitation of IT can help Singapore develop high value-added manufacturing with links to lower cost manufacturing centres in the region and markets around the world. Commerce can be boosted by increasing Singapore's efficiency as a regional distribution centre and in retailing. The construction industry can use the fast and efficient exchange of information, documentation and drawings to improve competitiveness and at the same time foster local and international collaboration. (4)

Examining Table 1, which maps the networking of the world and the network node density, one will find a distribution that reflects the economic and technological development of the world. This technology is costly and has been developed to support the scientific, academic, military and economic structure of the wealthier nation.

Table 1 Quality of Connectivity By Nation (5)

Type of Connectivity	Number of Countries	Aggregate Population, Billions (Percent of Total)
Excellent	31	1.220 (22.4%)
Good	28	1.463 (26.8%)
Poor	48	1.662 (30.5%)
None	125	1.102 (20.3%)

The profusion of networking is tied more to the availability of an extensive, reliable telecommunication infrastructure than the presence of small computers. Thus, to bring segments of the developing world fully into this global network will require more than just providing the basic end computers. It will mean providing a high-tech telecommunication system.

Despite the differences between the haves and have-nots in terms of the basic communication infrastructure, there are developments being made to provide at least basic telecommunication for many developing areas. Networking is happening in these countries. It is providing some important links for those in academia and for nongovernmental organizations. Much of this is based on relatively low cost microcomputers, modems and telephone lines. Some would argue that this is the "appropriate" technology (6) for many areas and that electronic mail, in particular, can provide the best communication for the cost (7).

It seems that for the immediate future developing areas will participate in the growing world network primarily through electronic mail links with a few clusters of more extensive networking in the major urban centers. It will be in these centers that the broader range of benefits of global, online networking will be found. For the present, the Singaporean vision of a networked society will be confined to the wealthier of the developed nations. It is there that networking has taken root and is beginning to penetrate all aspects of the society. It is in the developed nations that we are finding the phenomenal growth of the networks as characterized by the Internet.

The Global Reach of Electronic Mail on Internet

Electronic-mail, e-mail, allows one to participate in timely discussions with correspondents anywhere on the Internet. E-mail is the "first" function of Internet. One's Internet address is becoming as important as one's mail address or phone number; perhaps more so in some cases. It allows one to become part of the global community. Messages can be sent and received in minutes not days or weeks. Papers on the latest scientific findings are often published and commented on over the network well before they are ever published in journals. By subscribing to a distribution list one can have news items sent to his desktop 24 hours a day. This can range from information from the White House, to information from a scientific group, to news about Internet itself. However, one can very quickly become overwhelmed by a deluge of information coming in hourly from around the world.

The preponderance of e-mail on Internet has been from the academic/research communities. This is to be expected since Internet originated to serve these communities in the United States. However, things are changing. There has been a very rapid rise of commercial users using e-mail over the last several years. Some commercial users are even providing third party services for e-mail to those not affiliated with organization that are on the Internet. In fact some of the major commercial online services such as Compuserve and Delphi allow user to send mail to Internet users.

In an overview of East and Central European networking activities by Milan Sterba it is apparent that the new links in those geographical areas are usually to provide e-mail transmission(9). The Internet connection to China at this point is also essentially for e-mail traffic. For Eastern Europe and China the lack of available high speed, high volume, and the high cost of connections to the Internet explains the predominance of e-mail traffic. Yet, even in the West where cost is not a problem, e-mail is still the dominant function on Internet. However, the rapid multiplication of the Internet gophers should help to change this. The ease of use of these information servers is opening up the Internet resources to more and more users.

Global network resources of the Internet

Internet is a global network of networks. One estimate is that there are presently 20 million users. There are probably thousands of new users each week. It is vast, but unmapped. The number of host computers on Internet in April 1993 was 1,486,000, up from 890,000 in April 1992 - an increase of 67% in that one year period (Appendix A). In Europe the increase for that period went from 170,050 to 366,164, a major increase of 215%(Appendix B). Among the different classes of users - education, government, commercial, organizations, military and network - education is the largest, but it has been the commercial that has had the greatest rate of increase over the last several years. While the number of educational users is still larger than that of any of the other groups, this is likely to change in the near future as the commercial users continue to connect at an accelerating rate. "In the United States alone the volume of traffic per month on NSFNET has increased 100-fold, from 100 million to 10 billion in only four years"(8)

Most of the hosts on the Internet are basically for e-mail at this time. Access for ftp file transfer, telnet login and gopher-like information services is available in only a minority of world hosts at this time. Despite this, the amount of information freely available and transferrable, is tremendous. An untold wealth of information is freely accessible. Additional information sources are available through other networks such as FIDOnet, Usenet and a host of continental, national and regional networks.

One of the more successful efforts to make information easily accessible is the network of "gopher" servers within Internet. This menu driven interface provides simple access to resources on the host computers plus linking to the other gophers around the world. This is done by selecting from a list which now spans 28 pages on the computer screen totalling over 450 sites as of May 1993 (see Appendix C). Six months earlier there were only a little over 200 sites listed. When we add to this list of gopher sites those host computers which provide public access to information through the mechanism of file transfer called ftp, the accessible Internet resources is expanded considerably. The number of ftp sites is measured in the thousands and the number of files that can be accessed is measured in the hundreds of thousands.

Global Groups

Many groups have formed which deal with world-wide issues. Some memberships are geographically disbursed, others are not. In either case they can benefit from a capability such as Internet. One such group on the Internet is the Association for Progressive Communications (APC).

> The APC network exists to increase the efficiency and effectiveness of peace, environmental, social justice, community and educational organisations by providing them with tools and services for communications, collaboration and information sharing. (from Pactok - Asia Pacific Electro-media gets Earthed)(11)

The goals of the organization are indicated in the following statement:

> WHEN IN THE COURSE OF HUMAN EVENTS it becomes possible to dissolve the communication frontiers that have divided peoples one from another and to assume among the Powers of the Earth the interdependent and balanced communication relations to which the Development of Technology has entitled them,
>
> WE HOLD THESE TRUTHS TO BE SELF-EVIDENT, that all human communicators are created equally, endowed with certain Unalienable Rights, among them the right to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers. The Right to Communicate includes the right to be informed as well as to inform, the right to reply as well as to listen, the right to be addressed as well as to speak and the right for communication resources to satisfy

> human, social, economic and cultural needs.
> THAT TO SECURE THESE RIGHTS, a global computer communications network has now arisen benefiting the Common Good of Humankind by loosing the bonds of the marketplace and the strictures of government on the media of communications and allowing that part of human endeavor known as global civil society to communicate outside the barriers imposed by commercial or governmental interests. (11)

Another good example of a global group is the Consortium for International Science Information Network (CIESN).

> CIESIN, pronounced "season", was created to address environmental data management issues raised by the United States Congress, the Administration and the advisory arms of the federal policy community. CIESIN's mission is to facilitate access to, use and understanding of global change information world wide. (12)

This group provides access to information via a gopher server on the Internet. Both of these examples serve to illustrate what can be achieved by the GAS by utilizing the Internet.

A Proposal

The Computer Information Exchange committee of the Global Awareness Society exists to help identify areas where computer professionals and users can best serve the Global Awareness Society in achieving its goals. More regular interaction would be useful during these formative, beginning years. Thus, for an organization such as the Global Awareness Society with worldwide membership, diverse interest and the need for regular communication, it seems that the technology of the Internet would provide an opportunity to support membership interaction on a more regular basis.

- It is proposed that members of the GAS individually investigate any opportunities open to them to get access to an Internet connection for e-mail. This would allow for convenient messaging and simple personal communication among members. To this end we would like to establish a directory of members having Internet addresses.

- It is proposed that we use the Internet for the "electronic publishing" of announcements, newsletters and journals. Professional societies are already exploring this possibility, e.g ACM and IEEE.

- It is proposed that when a sufficient number of members have the Internet connection, a gopher server be established for the society. This would provide more worldwide exposure and an additional channel for interaction and the exchange of information. By having a gopher server the society would receive continuous public exposure to users of the gopher servers of the world. For those who already have access to Internet, connectivity to the server would not be a problem. For those without it, area chapters would work to identify means for access via local sites such as universities. Members with access to commercial online services such as Compuserve, Prodigy and America Online should investigate how they can use these to connect to the Internet.

The above proposals are in no way exhaustive. The authors welcome any suggestions or proposals that the readers may have. The above proposals are rather specific, but there is much to be explored concerning networking and developing countries. In general we are suggesting that we make use of the emerging communication revolution to support the Global Awareness Society in all of their many facets.

End Notes

1. "Computer Networks and the Emergence of Global Civil Society: The Case of the Association for Progressive Communications (APC)", Paper presented at the Annual Conference of the Peace Studies Association Boulder, CO., February 28, 1992. Workshop on "How to Utilize Communications Networks for Peace Studies". Copyright 1992 by Howard H. Frederick, Ph.D.(1) hfrederick@igc.apc.org>

2. "The Telephone Transformed - Into Almost Everything", **New York Times Magazine**, May 16, 1993, page 27.

3. **IT2000 - A Vision Of An Intelligent Island** Written by Chin Chee-Kai IT Architect NCB, PID. Based partially on NCB's IT2000 transparencies and slides Dated Dec 24, 1992. Taken from the gopher TECHNET, Singapore.

4. Ibid.

5. AIMING FOR THE ELUSIVE PAYOFF OF USER NETWORKS: AN NGO PERSPECTIVE. Stephen R. Ruth, Ph.D., Professor of Decision Sciences, George Mason University, Fairfax, VA 22030; <ruth@gmuvax>R. R. Ronkin, Ph.D., Volunteer, Volunteers in Technical Assistance,Arlington, VA 22209;
<vita@gmuvax>

6. This file is the text of Albert Langer's <cmf851@csc2.anu.edu.au> "Notes on Computer Communications in Developing Countries," posted to the INTF list on 25 October 1991 (local date)

7. Ibid.

8 Internet Connectivity in Eastern Europe. Tue, 24 Nov 92 10:43:25 EDT From: Richard Budd <BUDD@CSPGAS11.BITNET>Organization: CSAV UTIA found on the Newsgroups: comp.dcom.telecom Subject: Internet Connectivity in Eastern Europe Message-ID: <92.11.26.1@eecs.nwu.edu>

"This is the article from Milan Sterba for the RIPE Connectivty Group"

9. op. cit. Ruth and Ronkin.

10. Paper prepared for the Adult Open Learning Information Network Conference, Australia, Sept 7-9, 1992, by Rob Garnsey <pactok@peg.apc.org> & Andrew Garton <agarton@peg.apc.org>

11. op. cit. Howard H. Frederick

12. Information from the gopher server - CIESIN(Global Change Information Gateway)

Appendix A

Number of Hosts and Domains Advertised in the Domain Name System

	April 1993	Jan 93	Oct 92	Jul 92	Apr 92	Change Apr-Apr
Hosts:	1,486,000	1,313,000	1,136,000	992,000	890,000	67%
Domains:	22,000	21,000	18,100	16,300	20,000	10%

Number of Advertised Hosts Responding to a Ping: 421,000 (28%)

Number of Networks (based on DNS IP addresses)

	April 1993	Jan 93	Oct 92	Jul 92	Apr 92	Change Jul-Apr
Class A:	58	54	52	60		-4%
Class B:	3409	3206	2985	2714		25%
Class C:	6255	4998	4468	3795		64%
Total:	9722	8258	7505	6569	n/a	48%

Host Distribution by Top-Level Domain Name

467897	edu
406464	com
93456	gov
74959	de
73321	au
71518	uk
60314	ca
37380	fr
32684	org
30114	nl
29593	se
27203	ch
25948	jp
22508	fi
21791	no
21662	mil
11873	net
11102	it
10590	at
7883	es
5880	hk
5789	za
5713	dk
5269	kr
5041	tw
4144	il
3463	be
2693	cs
2609	nz
2392	pl
2319	pt
1992	br
1731	ie
1512	sg
1250	mx
1056	is
1008	gr
956	us
814	hu
677	cl
431	hr
332	si
206	ve
168	ee
153	lu
135	ar
116	cz
99	my
96	in
88	int
84	su
69	th
60	ec
29	cy
20	cr
17	tn
15	ro
8	lv
6	gb
4	aq
2	yu
2	li
1	bg

Host Distribution by Top-Level Domain Name of Hosts Responding to a Ping

158038	edu
74199	com
35108	gov
24639	de
21370	ca
19516	uk
14297	au
12189	fr
11620	jp
8525	ch
8459	no
6862	nl
6478	net
5289	fi
4088	it
3734	org
2571	at
2096	tw
1996	es
1794	dk
1495	il
1454	kr
938	nz
686	za
633	mx
601	br
540	cs
477	pt
453	pl
375	gr
269	ie
253	sg
232	us
187	hu
132	hr
95	si
84	ee
48	lu
43	my
43	in
39	cz
33	ve
30	int
26	cy
15	th
10	cr
5	lv
4	gb
2	yu
2	ro
2	li
1	tn
1	bg

```
     8410 mil      1179 be       230 cl          21 ar
     8365 se       1013 hk       222 is          18 ec

                    Internet Gopher Information Client v1.03
                    IP Net Numbers                          ASNs    Domains
 Month/Yr          A              B                C
 ---------     ---------------------------------------     -------   -------
GRAND TOTAL    32          6,888           26,159
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Appendix B
History (Europe) EuroHost Survey - April 1993.

Oct 1990	31724
Nov 1990	33665
Dec 1990	29230
Jan 1991	43832
Feb 1991	-
Mar 1991	44506
Apr 1991	46948
May 1991	-
Jun 1991	63267
Jul 1991	-
Aug 1991	73069
Sep 1991	92834
Oct 1991	104824
Nov 1991	129652
Dec 1991	-
Jan 1992	141308
Feb 1992	161434
Mar 1992	167939
Apr 1992	170050
May 1992	182528
Jun 1992	196758
Jul 1992	213017
Aug 1992	221951
Sep 1992	232522
Oct 1992	254585
Nov 1992	271795
Dec 1992	284374
Jan 1993	303828
Feb 1993	322902
Mar 1993	355140
Apr 1993	366164

Appendix C

Gophers of the World

2. ACADEME THIS WEEK (Chronicle of Higher Education)/
3. ACM SIGGRAPH/
4. ACTLab (UT Austin, RTF Dept)/
5. Academic Position Network/

6. Alamo Community College District/
7. American Mathematical Society /
8. American Physiological Society/
9. An_assembly_of_European_Gophers/
10. Appalachian State University (experimental gopher)/
11. Apple Computer Higher Education gopher server/
12. Arabidopsis Research Companion, Mass Gen Hospital/Harvard/
13. Arizona State University Gopher/
14. AskERIC - (Educational Resources Information Center)/
15. Auburn University test gopher/
16. Augusta College/
17. Austin Hospital, Melbourne, Australia/
18. Australian Defence Force Academy (Canberra, Australia)/
19. Australian Environmental Resources Information Network (ERIN)/
20. Australian National Botanic Gardens/
21. Australian National University/
22. Austria/
23. Bar-Ilan University Information System, Israel/
24. Base de Dados Tropical (Tropical Data Base), Campinas, Brasil/
25. Bates College/
26. Bay Area Regional Research Network (BARRNet)/
27. Baylor College of Medicine/
28. Bedford Institute Of Oceanography (Canada)/
29. Belgium/
30. Ben Gurion University Gopher (Israel)/
31. BioInformatics gopher at ANU/
32. Biodiversity and Biological Collections Gopher/
33. Bloomfield Hills School District Model High School/
34. Board of Governors Universities, IL USA/
35. Boston University/
36. Bowling Green State University/
37. Bradley University/
38. Brigham Young University/
39. Brookhaven National Laboratory Protein Data Bank/
40. Brown University/
41. Bucknell University - Lewisburg PA/
42. CAMIS (Center for Advanced Medical Informatics at Stanford)/
43. CHANCE(Dartmouth)/
44. CICNET gopher server/
45. CIESIN Global Change Information Gateway/
46. CONCERT Network -- Research Triangle Park, NC, USA/
47. CONCISE (COSINE European Information Server) <TEL>
48. CPSR (Computer Professionals for Social Responsibility) Internet L../
49. CREN/Educom/
50. CUINFO (Cornell University and Ithaca Information)/
51. CWRU Medical School - Department of Biochemistry/
52. CYFER-net USDA ES Gopher Server./
53. Calvin College (Grand Rapids, Michigan)/
54. Camosun College, Victoria B.C. Canada/55. Carleton College (Northfield, MN)/
56. Carleton University, Admissions and Academic Records/
57. Carnegie Mellon University AC&M Gopher (Experimental)/
58. Cedarville College CedarNet Gopher Service/
59. Chicago State University, IL USA/
60. City University of New York (CUNY) Graduate Center (experimental)/

61. Cleveland State University/
62. Cleveland State University Law Library/
63. Colorado State University (Fort Collins)/
64. Columbia Online Information Network/
65. Columbia University Experimental Gopher/
66. Communications for a Sustainable Future (Boulder, Colorado)/
67. Computational Biology (Welchlab - Johns Hopkins University)/
68. Consortium for School Networking (CoSN)/
69. Cornell College - Mount Vernon, Iowa (experimental)/
70. Cornell GateDaemon Project Gopher/
71. Cornell Info Technologies/
72. Cornell Law School (experimental)/73. Cornell Theory Center/
74. Cornell University HelpDesk/
75. Cornell University Office of Environmental Health Gopher/
76. Cornucopia of Disability Information/
77. Curtin University of Technology, Western Australia/
78. Czechia/
79. DNA Data Bank of Japan, Natl. Inst. of Genetics, Mishima/
80. Dalhousie University/
81. Dalhousie University's Unofficial Gopher Service/
82. Dana-Farber Cancer Institute, Boston, MA/
83. Dartmouth College/
84. Dendrome: Forest Tree Genome Mapping Database/
85. Denmark/
86. Department of Information Resources (State of Texas)[experimental]/
87. Descriptions of European Networks/
88. Dixie College/
89. Dixie College Science Gopher (St. George, Utah)/
90. Duke University Computer ASSIST Center/
91. Duke University Talent Identification Program (TIP)/
92. ECHO (through SWITCH) <TEL>
93. EDUCOM Documents and News/
94. EFF-Austin/
95. ERNET (Education and Research Community Network, India)/
96. EUROKOM <TEL>
97. EUnet entry point/
98. East Stroudsburg University/
99. East Texas State University, Commerce, Texas/
100. Eastern Illinois University/
101. EcoGopher at the University of Virginia/
102. EcuaNet - Corporacion Ecuatoriana de Informacion/
103. Electronic Frontier Foundation/
104. Emory University/
105. EnviroGopher/
106. EnviroGopher (at CMU)/
107. European National Entrypoints/
108. Extension Service USDA Information/109. Fairfield University/
110. Federal Info. Exchange (FEDIX) (Under Construction - experimental)/
111. Finland/
112. Flinders University/
113. Florida State University (under construction)/
114. France/
115. GRIN, National Genetic Resources Program, USDA-ARS/
116. George Mason University, Fenwick Library/

117. Georgetown University/
118. Georgia Southern University/
119. Georgia Tech (experimental)/
120. Germany/
121. Gettysburg College/
122. Glory Gopher/
123. Go M-Link/
124. Governors State University, IL USA/
125. GrainGenes, the Triticeae Genome Gopher/
126. Greece/127. GreenGopher at University of Virginia in Charlottesville/
128. Gustavus Adolphus College/
129. Hampshire College, Amhearst Mass./
130. Hofstra University Experimental Gopher/
131. Hollosi Information eXchange (HIX) at Stanford/
132. Human Genome Mapping Project Gopher Service (UK)/
133. Hungary/
134. IBM Almaden Research Center (experimental)/
135. INN, Weizmann Institute of Science (Israel)/
136. ISU College of Pharmacy/
137. ISW, National Chung Cheng Univ.,Taiwan,ROC/
138. IUBio Biology Archive, Indiana University (experimental)/
139. IUPUI Integrated Technologies/
140. Iceland/
141. Illinois State University/
142. Indiana State University gopher server/
143. Indiana University, Center for Innovative Computer Applications/
144. Indiana University, University Computing Services (Experimental)/
145. Indiana University-Purdue University at Indianapolis/
146. Info Mac Archives (sumex-aim)/
147. Institute for the Learning Sciences (Northwestern University)/
148. InterCon Systems Corporation/
149. InterNIC: Internet Network Information Center/
150. International Federation for Information Processing (IFIP)/
151. Internet Society/
152. Internet Wiretap/
153. Iowa State's Unofficial and Experimental SpiGopher Server/
154. Iron County School District/
155. Italy/
156. JPNIC (Japan Network Information Center), Tokyo, Japan/
157. James Cook University (North Queensland, Australia)/
158. Johns Hopkins University/
159. Journal of Statistics Education Information Service/
160. JvNCnet/
161. Keio University, Science and Technology campus gopher (Japan)/
162. Kennesaw State College/163. Kenyon College (KCInfo)/
164. Kutztown University of PA/
165. LANL Physics Information Service/
166. La Trobe University (Victoria, Australia)/
167. Lakehead University/
168. Lehigh University (experimental)/
169. Lewis and Clark College/
170. Louisiana State University/
171. Louisiana Tech University/
172. Luxembourg/

173. MECCA (Memphis Educational Computer Connectivity Alliance)/
174. MRNet - Minnesota Regional Network/
175. MSEN Inc./
176. Maize Genome Database Gopher/
177. Maize Genome Database Gopher/
178. Mankato State University/
179. Maricopa Community College District (experimental)/
180. Massachusetts Institute of Technology/
181. Mathematical Physics Preprint Archive (mp_arc)/
182. Matrix Information and Directory Services, Inc. (MIDS), Austin, Te../
183. McGill Research Centre for Intelligent Machines, Montreal, Canada/
184. McGill University, Montreal, Quebec, Canada/
185. McMaster University Bookstore, Hamilton, Ontario (experimental)/
186. Memorial University of Newfoundland, Canada/
187. Merit Network/
188. Michigan State University/
189. Minnesota Extension Service/
190. Minnesota State University System/
191. Mississippi State University (experimental)/
192. Missouri Western State College St. Joseph, MO/
193. Monash University, Victoria, Australia/
194. Mount Holyoke College/
195. Murdoch University Library (Experimental)/
196. NASA Goddard Space Flight Center/
197. NASA Mid-Continent Technology Transfer Center/
198. NASA Network Applications and Information Center (NAIC)/
199. ND HECN Academic User Services, Fargo, ND/
200. NSF Center for Biological Timing/
201. National Cancer Center, Tokyo JAPAN/
202. National Center for Atmospheric Research (NCAR)/
203. National Center for Supercomputing Applications/
204. National Center on Adult Literacy/
205. National Chung Cheng University, Chia-Yi, Taiwan, R.O.C. (experime../
206. National Institute of Allergy and Infectious Disease (NIAID)/
207. National Institute of Standards and Technology (NIST)/
208. National Institutes of Health (NIH) Gopher/
209. National Science Foundation (NSF) Gopher (STIS)/
210. Netherlands/
211. New York - Israel Project of Nysernet/
212. New York State Education and Research Network (NYSERNet)/
213. North Carolina Cooperative Extension Service Gopher/
214. North Carolina State University Infopoint system/
215. North Carolina State University Library gopher/
216. North Dakota State University/
217. North Dakota State University EE Department/
218. Northeastern Illinois University, IL USA/
219. Northern Illinois University central gopher server/
220. Northwestern University/
221. Northwestern University, Department of Geological Sciences/
222. Northwestern University, EECS Department/
223. Northwestern University, Integrated Science Program/
224. Northwestern University, Mathematics Department/
225. Norway/
226. Nova Scotia Technology Network, N.S., Canada/

227. Novell Netwire Archives/
228. O'Reilly & Associates (computer book publisher)/
229. OARnet Gopher Server (Columbus, Ohio)/
230. OASIS, Ohio State University Academic Services Information System/
231. Oak Ridge National Laboratory ESD Gopher/
232. Oak Ridge National Labs (experimental)/
233. Oakland University (Rochester, Michigan)/
234. Occidental College/235. Ohio Northern University/
236. Ohio University (Athens Ohio)/
237. Oliver (Multimedia Consortium -- experimental)/
238. Oregon State University/
239. Oregon State University Biological Computing (BCC)/
240. Oregon State University Computer Science/
241. PIR Archive, University of Houston/
242. PREPnet/
243. PSGnet/RAINet: low-cost and international networking/
244. PeachNet Information Service/
245. Pennsylvania State University/
246. Physics Resources (Experimental)/
247. Pittsburgh Supercomputing Center/
248. Poland/
249. Pontificia Universidad Catolica de Chile/
250. Portland State University (CS & EE)/
251. Portugal/
252. Poudre-R1 K12 School District (Ft. Collins, Colorado)/
253. Presbyterian College (Clinton, SC)/
254. Primate Info Net (University of Wisconsin-Madison)/
255. Princeton Regional School District/
256. Princeton University/
257. Purdue University Computer Sciences Department, West Lafayette, In../
258. Purdue University Libraries, West Lafayette, Indiana/
259. Queen's University, Kingston, Canada/
260. Queensland University of Technology, Brisbane, Australia/
261. RIPE NCC (Information Server for the European IP-Network)/
262. RPI CSLab Gopher Information Service/
263. Rensselaer Polytechnic Institute (experimental)/
264. Rhodes University Computing Centre, Grahamstown, South Africa/
265. Rice University CMS/
266. RiceInfo (Rice University CWIS)/
267. Rowan College of New Jersey/
268. SENDIT Gopher (full experimental)/
269. Saint Mary's University (Canada)/
270. Sam Houston State University (VMS gopher)/
271. San Diego State University, College of Sciences/
272. San Diego SuperComputer Center/
273. San Francisco State University/
274. San Jose State University/
275. Santa Rosa Junior College/
276. Scientists on Disk - JHU History of Science and Medicine/
277. Seattle Pacific University Gopher Server/
278. Seneca College of Applied Arts & Technology, Toronto, Ontario/
279. Simon Fraser University (Canada)/
280. Skidmore College gopher server/
281. Slovakia/

282. Software Archives at MERIT (University of Michigan)/
283. South African Bibliographic and Information Network/
284. Southeastern Louisiana University/
285. Soybean Data/
286. Space Telescope Electronic Information System (STEIS)/
287. Spain/
288. Sprintlink Gopher Server, Virginia USA/
289. St. John's University, Jamaica, NY/
290. St. Olaf College/
291. St. Thomas University (St. Paul, Minnesota)/
292. St. Thomas University Computer Science (St. Paul, Minnesota)/
293. Stanford University/
294. Stanford University Medical Center/
295. StatLib Server (Carnegie Mellon University)/
296. State University of New York (SUNY) - Albany/
297. State University of New York (SUNY) - Buffalo/
298. State University of New York (SUNY) - Plattsburgh/
299. State University of New York (SUNY) - Potsdam College/
300. State University of New York (SUNY) - Syracuse Health Science Cent../
301. Swarthmore College/
302. Sweden/
303. Switzerland/
304. Syracuse University CWIS/
305. TECHNET, Singapore/
306. Technical University of Nova Scotia (Canada)/
307. Technion - Israel Institute of Technology/
308. Telerama Public Access Internet - Pittsburgh, PA/
309. Telerama Public Access Internet - Pittsburgh, PA/
310. Temple University/
311. Texas A&M/
312. Texas Internet Consulting (TIC), Austin, Texas/
313. Texas Metronet/
314. Texas Tech University Experimental Gopher/
315. The Chinese University of Hong Kong/
316. The Commonplace Book (temporary)/
317. The North Carolina School of Science and Mathematics/
318. The World (Public Access UNIX)/
319. Trent University, Peterborough Ont, Canada/
320. Trinity University (San Antonio, Texas)/
321. UCCSN System Computing Services (Las Vegas, Nevada)/
322. UCO/Lick Gopher Information Service/
323. UNC-Educational Computing Service (ECS)/
324. USCgopher (University of Southern California)/325. United Kingdom/
326. Universidad de Chile (Departamento de Ciencias de la Computacion)/
327. Universidad de Santiago de Chile/
328. University Corporation for Atmospheric Research (UCAR)/
329. University System of Georgia Information Service/
330. University of Adelaide ITD Experimental Gopher/
331. University of Alberta/
332. University of British Columbia/
333. University of Calgary/
334. University of California - Berkeley, Museum of Paleontology/
335. University of California - Berkeley, Open Computing Facility/
336. University of California - Berkeley, Workstation Support Services/

337. University of California - Davis/
338. University of California - Irvine/
339. University of California - Irvine, Information & Computer Science/
340. University of California - San Francisco, UCSFYI Experimental Goph../
341. University of California - Santa Barbara/
342. University of California - Santa Barbara Geological Sciences Gophe../
343. University of California - Santa Barbara Library/
344. University of California - Santa Barbara, Humanities Computing Fac../
345. University of California - Santa Cruz, InfoSlug System/
346. University of California Systemwide Administration/
347. University of Campinas, Sao Paulo, Brazil/
348. University of Canberra, Australia/
349. University of Canterbury, Christchurch, New Zealand/
350. University of Chicago/
351. University of Chicago Law School/
352. University of Cincinnati, Center for Information Technology Servic../
353. University of Colorado, Boulder/
354. University of Connecticut Health Center/
355. University of Delaware/
356. University of Florida (experimental)/
357. University of Georgia/
358. University of Guelph(Griff)/
359. University of Hawaii/
360. University of Hawaii, College of Education Server (Experimental)/
361. University of Houston Protein Information Resource/
362. University of Houston, Texas/
363. University of Illinois at Chicago/
364. University of Illinois at Urbana-Champaign/
365. University of Illinois weather machine/
366. University of Indianapolis/
367. University of Iowa/
368. University of Kansas - TISL/
369. University of Kentucky/
370. University of Maine System/
371. University of Manitoba/
372. University of Maryland/
373. University of Maryland at Baltimore/
374. University of Massachusetts/
375. University of Massachusetts at Boston/
376. University of Michigan ArchiGopher/
377. University of Michigan CITI/
378. University of Michigan GOpherBLUE Service/
379. University of Michigan Libraries/
380. University of Michigan Medical Center/
381. University of Minnesota/
382. University of Minnesota - Duluth/
383. University of Minnesota Soil Science Gopher Information Service/
384. University of Minnesota at Morris (VMS gopher)/
385. University of Minnesota, Forestry Library/
386. University of Missouri - St. Louis/
387. University of Missouri-Kansas City/
388. University of Missouri-Rolla (under construction)/
389. University of Natal (Durban)/
390. University of Nebraska, Omaha/

391. University of Nevada/
392. University of New Brunswick (unix server)/
393. University of New South Wales, Australia/
394. University of North Carolina at Chapel Hill (Ogphre..site archives)/
395. University of North Carolina at Greensboro/
396. University of North Dakota/397. University of North Texas Gopher Server/
398. University of Notre Dame/
399. University of Omaha/
400. University of Oregon/
401. University of Pennsylvania/
402. University of Pittsburgh/
403. University of Pretoria, South Africa/
404. University of Rhode Island/
405. University of San Diego/
406. University of San Francisco/
407. University of Saskatchewan Gopher/
408. University of South Carolina, Dept. of Computer Science/
409. University of South Carolina, Dept. of Mathematics/
410. University of South Florida/
411. University of Southern Queensland, Toowoomba, Queensland, Australi../
412. University of Southwestern Louisiana - USL (test gopher)/
413. University of Sydney Library (experimental)/
414. University of Sydney, Australia/415. University of Tasmania/
416. University of Tennessee (Knoxville) Libraries/
417. University of Tennessee - Knoxville (Under construction)/
418. University of Texas - Dallas/
419. University of Texas -- Latin American Network Information Center/
420. University of Texas Austin Computation Center/
421. University of Texas Health Science Center at Houston/
422. University of Texas M. D. Anderson Cancer Center/
423. University of Texas Medical Branch/
424. University of Texas System Center for High Performance Computing/
425. University of Texas at El Paso, Geological Sciences Dept./
426. University of Texas, School of Public Health/
427. University of Toronto/
428. University of Utah/
429. University of Vermont/
430. University of Victoria, Canada/
431. University of Victoria, Canada (Faculty of Fine Arts)/
432. University of Virginia/University of Washington, Technical Communication Department/
434. University of Waterloo (UWinfo)/
435. University of Western Australia/
436. University of Western Australia Virology Gopher/
437. University of Western Ontario/
438. University of Windsor/
439. University of Wisconsin - Madison/
440. University of Wisconsin - Madison, Medical School/
441. University of Wisconsin - Milwaukee/
442. University of Wisconsin - Platteville/
443. University of Wisconsin - System Administration/
444. University of Wollongong/
445. University of Wyoming/
446. Uniwersytet Kalifornijski, Berkeley (Polish Archives)/
447. Utah State University/

448. Utah State University Extension Gopher Server/
449. Venezuela's and Galileo's Unofficial and Experimental Server/
450. Vertebrate World server at Colorado State University/
451. Virginia Coast Reserve Information System (VCRIS)/
452. Virginia Commonwealth University/
453. Virginia Institute of Marine Science, College of William & Mary/
454. Virginia Polytechnic Institute and State University/
455. Vortex Technology/
456. Wake Forest University/
457. Washington & Lee University/
458. Washington College gopher server/
459. Washington State University, Pullman Washington/
460. Washington University - St. Louis/
461. Weizmann Institute of Science/
462. Wellington, New Zealand City Council/
463. West Georgia College (test) Gopher Server/
464. West Virginia Network for Educational Telecomputing/
465. Western Illinois University, IL USA/
466. Wheaton College, Wheaton, IL/
467. Whole Earth 'Lectronic Magazine - The WELL's Gopherspace/
468. Wisconsin Interlibrary Services/
469. Wittenberg University/
470. World Data Center on Microorganisms (WDC), RIKEN, Japan/
471. Yale University/
472. York University/
473. rec.aviation gopher/

GLOBAL AWARENESS

SOCIETY INTERNATIONAL

- SECOND ANNUAL MEETING -

JULY 2 - 4, 1993

NEW YORK CITY

THE COMPETITIVENESS OF THE AGROINDUSTRY SECTOR IN DEVELOPING COUNTRIES : THE CASE OF TURKEY

by

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THE COMPETITIVENESS OF THE AGROINDUSTRY SECTOR
IN DEVELOPING COUNTRIES:
THE CASE OF TURKEY

OBJECTIVES OF THE STUDY

The overall objective of this study is to identify the strengths and weaknesses of Turkish agroindustry firms in international markets. Once the weaknesses of the exporters in this sector are identified, necessary precautions and policies will be formulated to eliminate these shortcoming at micro level. While company policies and strategies will be developed in order to improve the core competences of the firms, macro policies and strategies will be formulated at macro levels to enhance the competitiveness of the industry as a whole in international markets.

The study is designed and carried out jointly by exporters' unions operating in seven different locations, Ministry of Agriculture and Rural Affairs (MARA), Turkish Export Promotion Center (IGEME) which is affiliated to the Undersecretariat of Treasury and Foreign Trade, and private enterprises.

The strategies and programs suggested by the study will be developed and implemented at different levels in close cooperation of private and government organizations.

RESEARCH METHODOLOGY

At the beginning of the study, a questionnaire set consisting of 15 multiple choice and one open-ended question was developed, and tested in 18 firms. Face-to-face interviews were held for testing purposes in Mersin, Adana and Antalya districts where agroindustry firms are heavily concentrated.

Based on discussions with and the feedback obtained from the managers of these exporting firms, six questions were added to the set reaching 21 multiple choice questions.

The questionnaire set has been mailed out to 580 firms. The firms in the sample were selected from a catalog having 3500 agroindustry firms operating in Turkey. The main criterion, in selecting the firms was the realization of export (at least once) in the last five years. In realizing the export neither quantity nor export value of the party was considered in selecting the firms. In other words, even if the company has exported one truck load of agroindustry product with an export value of $1000, it was represented in the sample.

The acceptable response rate of research was set out as 20 percent. In order to increase the response rate, a cover letter explaining the purpose and objectives of the study, and a self-addressed-stamped envelope were provided along with the questionnaire set. Should the response rate be less than 20 percent, it has been decided to send a follow-up letter to those firms which did not return the form. However this option was not used since the response rate was 27 per cent.

The obtained data were first tabulated and then analyzed by using SPSS+computer canned program. The frequency and distribution of responses have been calculated. Some of the questions on the questionnaire set were cross-tabulated with each other and the most meaningful ones have been used throughout the report. The other cross-tabulation tables are given at the end of the report as Appendix B.

TURKISH AGRICULTURE SECTOR DEVELOPMENTS

Turkish agriculture in the last forty years underwent a transformation through a process of modernization which in many aspects was rather impressive. The area under cultivation, irrigation number of tractors, increases in fertilizer use, production of industrial crops, double cropping, yields and productivity, both of land and labour, increased while the use of animal power and fallow decreased. Despite high rural birth rates, the economically active population in agriculture stayed almost constant due to high outmigration from rural areas.

The increases in the areas under cultivation and in yields, together with the substitution of higher value industrial crops, fruits and vegetables for less renumerative crops such as grains led to an increase in real agricultural income. In a span of 28 years, from 1960 to 1988, real agricultural income doubled which amounts to a growth rate of 2.48% p.a. The changes in agriculture were concomitant to structural changes in the overall economy. In 1950, agriculture's share in gross domestic product - in current prices - was 45.5%. It decreased to 29.3% in 1970, to 17.4% in 1988, and 16.2% in 1992, although about half of the economically active population was still engaged in agriculture in 1988 (Mutlu, S., 1992).

All these changes took place in an economy in which the dominant mode of production was basically capitalistic. Agricultural sector was dominated by household production throughout the period. There were feudal and semi-feudal relations of production in the East and especially in the Southeast in the 1950s and 1960s, and some large landlords capitalistic farms which could be seen all around the country but, which in the main, were concentrated in the fertile coastal plains in the West and in the South. Production for the market was limited in the earlier period under consideration and had a distinct spatial pattern. The market nexus was much more firmly established in the western half of the country than in the eastern half, and around large metropolitan areas rather than in rural settlements. Integration of agricultural sector with the market became more firmly established in the 1970s and 1980s, as the rural road network improved, the use of manufactured capital goods and current inputs increased, though with some slowdown in the rates of increase in the 1980s, and the production of cash crops, especially those subject to government price supports which eliminated marketing risks, went up.

Agricultural exports retained their traditional structure, the economy thus relying on the exports of the five traditional crops (cotton, tobacco, nuts, dried figs and raisins) until the late 1960s. But from the early 1970s onwards two major changes emerged: first, fresh fruits and vegetables as well as some processed agricultural products were added to the list of exportables; second, some new markets in the neighbouring countries could be penetrated as their imports expanded. Thus, new opportunities appeared in the expansion of agricultural exports, beginning with the early years of the decade (Kazgan, G., 1991).

The average annual growth rate of value added in the sector over the 40 year period was around 3.5%. Given the annual population growth rate of 2.5%, this enables an improvement in food standards as well as an increase in the net exportable surplus. The net exportable surplus grew substantially and diversification in agricultural exports may be emphasized as a notable achievement of sectoral policies (Kazgan, G.,1991).

Agricultural prices support policies had a positive impact on the performance of the sector. Subsidization of the prices of modern agricultural inputs together with low -at times negative- real interest rates on agricultural credits, provided the necessary incentives for the diffusion of new technologies and the expansion in production. Constant international as well as domestic terms of trade, despite some instability, have continued until the last quarter of the 1970s creating favorable economic and technological environment for the growth in the sector. The performance of the sector in terms of productivity and production growth was quite satisfactory compared to some other developing countries where stagnation in agriculture turned out to be the major bottleneck in urban-industrial growth.

The international terms of trade for agricultural products started to deteriorate in the late 1970's and this new trend has continued in the 1980s as well.

After the implementation of famous January 24, 1980 economic program in the Turkish Economic History, a major shift to market economy, which resulted the liberalization of foreign trade and foreign exchange regimes, took place.

This major shift in economic policies has activated EC countries to take protective measures against, for both inputs and outputs, Turkish agroindustry products in international markets. The European Community has provided high subsidies to its members, depending on the member's level of economic development, at the production and marketing levels.

This adverse economic climate in the 1980s caused substantial decline in agricultural investments, while the total investment did not show noticeable change. This was followed by the drop in the growth rate of agricultural production: the average annual growth rate of agricultural value-added went down to 2.56% in the first half of the 1980s (1981-84), i.e., dropped by 1 percent as compared to previous decades; a further decline to 1.35 percent took place in the second half (1985-89) of the period (Sahinoz, A., 1991).

On the other hand, misallocation of resources and politically misdetermined/mismanaged pricing policies undermined the strength of the sector further. Thus, the growth of agricultural production as well as exports were dropped significantly within the period of 1983-1992.

AGROINDUSTRY SECTOR AND ITS IMPACT ON TURKISH ECONOMY

Although agriculture sector has been of great importance for Turkish economy, its share in national GDP and exports has been steadily declining in the period following 1980. This decline was a result of unfavorable international trade terms as well as the shifting incentives and growth objectives of the governments in favour of the growth of industrial output and exports. This trend can be seen in the table below showing the sectoral composition of exports in years between 1987-1991:

Table 1. Sectorial Distribution of Exports

Sectors	Value ($ million)					Share in Total (%)	
	1987	1988	1989	1990	1991	1987	1991
Agricultural	1,852.5	2,341.3	2,125.7	2,387.8	2,732,3	18.2	20.1
Mining	272.3	377.2	413.2	329.3	285.9	2.7	2.1
Industrial	8,065.2	8,943.4	9,085.8	10,242.2	10,575.4	79.1	77.8
·Agricultural Based	953.9	884.7	816.5	822.5	1,097.0	9.4	8.1
·Refined Petroleum Pro.	232.3	331.2	254.2	288.8	277.3	2.3	2.0
·Industrial	6,879.0	7,727.6	8,015.1	9,130.9	9,201.1	67.5	67.7
Total	10,190.0	11,661.9	11,624.7	12,959.3	13,593.6	100.0	100.0

The data confirm the long-term decline in the share of agricultural export and increase in industrial export.

However, the agroindustrial sector and its exports are of significant scale and have strategic importance in the Turkish economy. Apart from the manufacturing and employment aspects, improvements in quality, increase of prices and exports have major roles in enhancing the conditions of primary agriculture.

Table 2 shows export distribution agricultural goods in the last two years. Total exports of horticultural product increased from $2,103.3 million to $2,454.1 million. Along with the exports of oil seeds, industrial crops and vegetables have increased while exports of fruits and seeds declined.

Table 2. Export of Agricultural Products

	($ 000) 1990	 1991	Change % 1991/1990
I. Agriculture	2,387,774	2,732,255	14.4
A. Horticulture Products	2,101,340	2,454,119	16.8
a. Cereals	27,261	286,800	1561.5
Wheat	4,384	204,270	4559.4
Others	12,878	82,530	540.9
b. Leguminous	291,738	242,303	-16.9
c. Oil Seeds	7,411	9,995	34.9
d. Industrial Crops	654,646	796,404	21.7
Tobacco	418,491	563,461	34.6
Cotton	161,052	168,837	4.8
Others	61,385	64,106	4.4
e. Fruits	905,014	901,569	-9.4
Dried Figs	62,389	66,129	6.0
Raisins	150,685	144,176	-4.3
Filberts	465,064	365,489	-19.9
Fistachio	10,108	4,013	-60.3
Orange and Tangerine	79,002	68,581	-13.2
Lemon	51,262	52,282	2.0
Others	169,506	200,899	18.5
f. Vegetables	102,997	185,141	79.8
g. Seeds	16,665	16,290	-2.3
h. Other Crops	15,608	15,617	0.1
B. Annual Husbandry Products	215,604	218,184	1.2
a. Live Animals	203,977	204,008	0.0
b. Wool-Hair	3,290	6,268	90.5
c. Raw Hides, Skins	583	282	-51.6
d. Other Animal Products	7,754	7,626	-1.7
C. Water Products	58,505	49,734	-15.0
D. Forestry Products	12,325	10,218	-17.1
II. Agro-based Industry	822,522	1,097,039	33.4
a. Food Industry Products	774,468	1,065,555	37.6
b. Food Industry By-products	5,806	6,793	17.0
c. Processed Tobacco Products	23,868	8,563	-64.1
d. Processed Forestry Products	17,415	14,960	-14.1
e. Processed Fibers Ready for Textile Process	965	1,169	21.1
TOTAL EXPORTS	12,959,288	13,593,581	4.9

Source: State Institute of Statistics

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The Fifth Development Plan (1985-89) identified agroindustry as one of three priority development areas along with tourism and mining.

Turkey aims to promote a more rapid sustainable growth performance. Maintenance of the existing level of employment requires a long-term performance which is higher than the average of recent years. It is the main goal of Government to become a full member of the European Community (EC). Economic success in such an environment, and in the increasingly open trade regime before full membership, requires enhanced international competitiveness and export capability. As will be discussed later, agro-industries have a large and strategic role to play in the achievement of these goals. Export growth is also required to ensure that growth is not constrained by the negative balance of trade.

Turkey has a substantial export trade in agroindustrial products. However, the strong comparative advantage which soil and climate confer suggests that agroindustrial exports in many sub-sectors should be performing better. A number of basic supply constraints exists in quality, marketing, technology, packaging and other determinants of competitive success. Much of the industry was established when the economy was less open under import substitution strategies before 1980. While some firms have adjusted to the more competitive environment, both at home and abroad, many enterprises are not yet in a position to contribute significantly to the realization of export potential (Otluoglu, F., 1991).

The main market for many agricultural and agroindustrial products is the EC. Substantial inroads have also been made into the Middle East, but weakness in oil prices and the Gulf War have reduced the significance of this market area.

The agroindustry sub-sectors regarded as having the greatest export potential include;

- Olive oil,
- Fruit juice concentrate,
- Tomato paste,
- Fruits and vegetables,
- Dried fruits and nuts,
- Frozen foods,
- Cut flowers,
- Sugar and confectionery.

Currently, Turkey exports a large variety of agroindustry products, including meat, fruits and vegetables, nuts, frozen vegetables, juices and concentrates, sugar confectionery, dairy products and fish. In a number of these, Turkey is a world leader in terms of share of world exports, for example, olive oil and spices. In certain cases, such as meat and dairy products, immediate export prospects are hindered by the Common Agricultural Policies (CAP) policies of the EC. In a number of products, there has been a rapid export growth over a short period of time, indicating a capacity to develop exports quickly. Turkey exports relatively little to Eastern Europe. There are some notable exceptions to this, for example, chewing gum to Poland and other sugar confectionery to Romania. As these markets open up, and as their purchasing power increases, they offer great potential to Turkey (Yeni, R; Akin, Y, 1992).

RESEARCH FINDINGS

1. Sub-sectors in Agroindustry Sector

There are 18 sub-sectors in agroindustry sector of Turkey and almost two-thirds of them are small size firms having 50 or less full-time employees. While ninety per cent of respondents are active exporters. Fresh fruits and vegetables, dried fruits and nuts, pulses-grain, oil seeds, flour and flour products, canned goods, tobacco and tobacco products are the locomotive sub-sectors of agroindustry. In terms of added value created in the country, ready to wear clothing, carpets and kilims, sugar and confectionery, canned goods, flour and flour products, and frozen goods are the highest ranked sub-sectors.

2. Markets and Consumption Patterns

The Turkish agroindustry firms are exporting to the five continents. However, the main markets for Turkish agroindustry products are Western European, especially European Community (EC) member countries. The EC member countries are the major foreign trade partners of Turkey. As it can be seen from Appendix A, Turkey is also exporting to Eastern European and Commonwealth of Independent States (CIS), Middle East, North African, North American and Far Eastern states in varying product groups and quantities.

Although Turkey has always been exporting some agricultural goods to the USA and Canada, because of the stringent import and quality regulations in these countries and preference towards processed products, export volumes and amounts to this market could not have received substantial levels. However, because of the enhancement in quality standards, assortments in production as a result of technologies transferred and entrance of foreign capital into the industry, Turkish companies started to export increasing amounts of canned goods, tomato paste, fruit juice concentrates, olive oil, and spices to North American markets in the recent years.

Within the last couple of years, East European and CIS countries emerged as a growing market for Turkish agroindustry goods. The market size here is larger than that of Western Europe and liberalization of foreign trade will yield more business volume for Turkish exporters. The only problem, at the time being, is the lack of hard currencies in those countries. However, Turkish Government as well as businessmen are making special arrangements to overcome the hard currency shortages. They have already established foreign trade companies with the local merchants (JVCs) and different government entities. They are shipping goods to the JVCs, and selling with their own local currency. The joint venture company purchases raw materials, such as steel, chemicals, fertilizers, timber, raw leather and cotton, ships back to Turkey and the Turkish counterparts sell them in domestic and foreign markets and close the Letter of Credit Account (L/C) which is opened in favor of JVC operating in Turkey. It is neither a barter nor a clearing agreement, but a special arrangement.

Each export market shows different consumption patterns and preferences towards Turkish agroindustry products. While Western European countries prefer fresh fruits and vegetables, canned foods, fruit juice concentrates, and frozen foods; North African and Middle East countries prefer pulses, grain, flour and flour products.

3. Characteristics of Personnel

It is found out that, among the personnel employed full-time in agroindustry firms, only 39.2 percent are university graduates and less than a half of this percentage can communicate in only major foreign languages with their customers.

Lack of qualified personnel in exporting firms creates serious problems and have negative impacts on their competitiveness. Answering a phone call, writing a reply letter, and/or negotiating a sales contract with the potential customers require skilled personnel. On the other hand, participation in training programs, benefiting from consulting services, and other prototypes require a good educational background. As it can be seen from Table 3, almost two-thirds of the full-time personnel have a formal education of 11 years or less. Twenty-six respondents have marked the "other" category. Eight of them are technical school graduates, and the rest (18) are just literate, that is, have not even completed the elementary school education.

Table 3. Educational Level of Personnel Working in the Company

	Frequency	Distribution (%)
University Graduates having foreign language skill	28	18.3
University Graduates	32	20.9
High School Graduates having foreign language skill	22	14.4
High School Graduates	8	5.2
Elementary School Graduates	10	6.5
Other	26	17.2
Missing Cases	27	17.5
TOTAL	153	100.0

During the face-to-face interview, the owners and/or the general managers of the exporting companies have indicated that finding a qualified personnel who will carry out certain tasks is the major problem for them. The main reasons are; (i) most of the firms are family-owned and run by the family members, so they do not want to share business secrets with the outsiders, (ii) most of the firms are operating in small towns at rural areas, so they can not lure highly skilled professionals to live in those locations, (iii) most of the agroindustry exports have seasonal characteristics, so, the turn-over rate is too high among skillful young professionals. However, they are aware of the problem, and ready to make any contribution to overcome this problem which they sincerely believe will help to upgrade their competitiveness in international markets.

4. Factors in Successful Competition

Regarding the requirements in order to be successful in international markets; one-forth of the respondents have indicated that quality of the products is a major factor for success. However, more than half of them (50.3%) think that the product quality alone will not be enough, but in addition to quality, the competitive export prices and having the firm's sales people abroad are other basic variables to be considered in dealing with export markets.

Most of the agroindustry products are homogeneous in nature, so the competition will be concentrated on selling prices. In order to decrease selling prices, cost saving measures at the process as well as transportation stages are necessary.

Concerning the product quality, EC member and other Western European countries, where per capita incomes are higher compared to other export markets, prefer high quality products.

Table 4. Export Markets by Basic Requirements

	EC	West Europe (Other)	Eastern Europe	Middle East	North Africa	North America	Far East	Other Countries	Row Total
Quality of products	28	7	5	5	3	8	5	2	63
Low export prices	8	2	3	6	1	3	1	4	28
Liaison offices in targer countries	1	-	1	2	-	-	-	-	4
Continuous feedback about foreign markets	6	3	3	7	-	3	4	2	28
First three choices	47	19	14	28	9	19	13	9	158
Column Total	90	31	26	48	13	33	23	17	281

As it can be seen from Table 4, the quality of product is considered as an important variable in EC member countries. On the other hand, the low export price as a competitive weapon is considered second important item in EC countries (28 frequency versus 8) after the quality. However, in general, export price was ranked first by 45.1 percent of the respondents, while product quality was considered as the second important factor (39.9 percent) as a competitive weapon (Appendix A - Q. 12).

5. Technology Transfer

In order to increase product quality (Question 13), 60.1 percent of the respondents thinks that technology transfer is required. As it can be seen from (Question 14) Appendix A, 44.4 percent has indicated that the technology transfer is needed in production and/or process systems. Packaging is considered as the second important item for technology transfer. Both categories, production/process and packaging, are directly related to the quality of products.

Table 5. Export Markets by Areas of Technology Transfer

	EC	West Europe (Other)	Eastern Europe	Middle East	North Africa	North America	Far East	Other Countries	Row Total
Grading of Products	11	3	5	5	-	3	1	1	29
Production/Process Technologies	43	18	13	19	6	19	9	7	134
Packaging	34	16	11	20	6	15	12	7	121
Information Systems	9	4	3	6	-	1	2	1	26
Management Systems	4	2	1	5	-	-	1	-	13
Other	2	1	-	2	-	1	-	-	6
Column Total	103	44	33	57	12	39	25	16	329

As it can be seen from Table 5, the firms exporting to EC member countries, Western Europe, Middle East and North American countries, consider the technology in production/process, and packaging as a key factor for operating successfully and maintaining their market share in those countries. Concerning the Middle East countries, a clarification note is needed. Because, it is not valid for all Middle Eastern countries, but only in oil-rich Gulf countries with an exception of Iraq.
A UN embargo is imposed on Iraq and no shipments have been mode, except baby food and medicine to that country.

Jordan and Lebanon import unprocessed agricultural goods and/or raw materials especially fresh fruits and vegetables, pulses, grain, etc., and they process in their own facilities.

In oil-rich Middle Eastern countries, like other developed western countries, the competition is tough and they import high quality agroindustry products from all over the world.

6. Barriers to Increase the Exports

Vast majority of the respondents mentioned high transportation costs and high interest rates of export credits as the main factors increasing the costs, and thus decreasing the competitiveness of our agroindustry products in target markets. The geographic location of Turkey requires incurring considerable transportation costs compared to the major competitors in the target markets. The transportation subsidies paid by the European governments to their exporters make things harder for Turkish exporters.

Because of insufficient accumulation of capital, the interest rates for export credits are comparably high in Turkey. While this factor increases the operating costs in Turkey substantially, government subsidies and indirect assistance provided to the exporters in Europe is a major factor adversely affecting the export performance of domestic agroindustry firms.

MEASURES (SUGGESTIONS) TO INCREASE THE COMPETITIVENESS OF TURKISH AGROINDUSTRY FIRMS IN INTERNATIONAL MARKETS

1. Technology Transfer in Processing

Almost one-third of agroindustry export revenue is obtained from the export of fresh fruits and vegetables. In order to increase the competitiveness of fresh fruit and vegetable sub-sector, the technology transfer in "cold chain" (a transport chain which begins with harvesting of fruits and vegetables, continues with intermediate packing and chilling storages, ends with the retailers) is vastly necessary. At least 80 percent of fresh fruits and vegetables is currently exported without going under precooling process. The precooling is vital for all types of vegetables, and some selected fruit varieties such as; cherries, sour cherries, apples, strawberries, peaches, table grapes and apricots. In order to increase the shelf-life of fruits and vegetables, they should be precooled within 24 hours following harvesting. The precooled products require cold storage, refrigerated trucks/vessels for transportation to export markets, and cold storage facilities at final destination.

The majority of exporters who have been interviewed during the field trip has pointed out that the government and/or other organizations which take part in export activities should not let the product go out of the country without going under precooling process. Otherwise, the sales price is determined lower due to early spoilage, shelf-life is shorter and thus the image of the Turkish products is ruined.

On the other hand, the major competitors in EC and other West European countries, namely, Spain, Italy and Greece, do have even mobile chilling and precooling facilities. In other major competing non-EC countries like Morocco, Israel and Cyprus, there are regulatory public and private entities which have authority to ban the exports if the predetermined conditions are not met. Although the cold chain system is relatively new, the developed countries have established the system in short periods of time. The existing investment and/or export incentive systems in Turkey does not encourage the investors/exporters to invest in infrastructure facilities such as "cold chain" system, and "fruit terminal". Firstly, the total required fix amount of investment in 1992 was 5 billion TL. (approximately US$750,000). Any investment under this amount does not get any benefit from investment incentive packages. Secondly, the country is divided into three regions, in terms of investment benefits, primary (backward regions), secondary and normal regions. Most of the agroindustry exporters are operating in normal regions where the total incentives benefits is one-third of the primary regions. For example, for tax holidays, 30 percent of total fixed investment will be exempted from Corporate Tax, while in primary region the total benefit is 100 percent.

New incentive packages should be prepared and implemented by taking the added value of each sub-sector for the economy. Specifically, the minimum limit of $750,000 may be waived, or lowered to $250,000 for the investments to be realized in agroindustry sector. As it was mentioned before, this sector is one of the three priority sectors to be encouraged during the Sixth Five-Year Development Plan period covering 1990-1994.

2. Reduction of Transportation Costs

The major cost item in agroindustry exports of Turkey is the transportation cost.

Table 6. Export Markets by Export Barriers

	EC	West Europe (Other)	Eastern Europe	Middle East	North Africa	North America	Far East	Other Countries	Row Total
High interest rates	49	19	16	24	7	18	12	9	154
Obtaining raw material	13	2	-	6	4	4	3	1	31
Subsidies in the EC countries	41	15	11	25	3	16	9	5	125
Bureaucracy	23	10	11	20	2	8	5	3	82
Other	18	6	6	9	4	5	7	8	63
Column Total	144	52	44	84	18	51	36	26	455

As it can be seen from Table 6, almost one-third of exporters has indicated that subsidies paid to their competitors, especially in the European Community, are the main factors that limit the effective competition for Turkish exporters in all European countries. For instance, in fresh fruit and vegetable exports, while Greek and Spanish exporters received US$170/ton and

US$90/ton, respectively as transportation subsidy in 1991/92 season, Turkish exporters got an average of US$50/ton on the same category. The Turkish Government used to pay $90/ton in the previous seasons, but due to pressure from GATT they totally cancelled payment in May 1992, and re-stated as $50/ton at the beginning of 1992/93 season. Even if the Turkish Government pays $90/ton, the transportation charges are much higher due to long distance between Turkey and the export markets.

In addition to disadvantages faced due to higher subsidies paid to the major competitors, the Turkish exporters are presently paying DM1900 and DM1400 to Hungary and Rumania respectively for each truck passing through from their soil due to civil war in former Yugoslavia.

The route that the truckers have to follow is longer and causes 3-4 days delay in reaching the main markets. Some Eastern European countries namely, Poland, Romania, and Hungary charge an additional 10 percent importation tax to incoming goods. The Turkish exporters and their representatives (local exporters' unions) claim that EC puts pressure on those countries (because presently they are getting financial aid from EC) to impose taxes on Turkish goods to create favorable market conditions for its members even outside the Community.

Due to above-mentioned practices, Turkish exporters lose their competitive advantages. In order to cope with the competition and to overcome the problems related to the transportation, they have tried sea transportation during the last export season.

This mode of transportation is very economical compared to highway, but requires export terminals for fresh fruits and vegetables, fresh fish and fish products, and dairy products. Most of the exporting and importing countries have built such terminals in their ports. These terminals provide storage, and efficient loading-unloading facilities as the main part of the "Cold Chain" system.

In Turkey, there are two main export gates which require such terminals. The researchers have learned that couple of exporter in Mersin province of the Mediterranean region have recently formed a joint venture company with their foreign partners to build an export terminal in Mersin Free Trade Zone. The terminal expected to increase the exportation of perishable goods from the Mediterranean region and to ease-up transportation problems.

Based on the assumption that the Mersin port is fully equipped and functions efficiently and no demurrage payment is made, a cost comparison of truck and sea transportation to certain destination in Europe are given in the following table:

Table 7. Cost Comparison of Transportation Modes

	TRUCK TRANSPORT.		SEA TRANSPORT.				
Destination Point	Days	Cost Ton/$	Days	Freight Ton/$	Loading Unloading ($)	Inland Transp. ($)	Cost Ton/$
Paris	8	250	8	110	20	40	170
Antwerp	8	250	8	110	20		130
Hamburg	7	220	8	110	20		130
Munich	6	210	7	100	20	65	185
Brussels	7	250	8	110	20	15	145
Austria	6	170	6	25	15	40	130
Czechoslovakia	5	185	5	25	15	40	130
England	8	290	7	110			110
Sweden	8	300	11	125	20		145
Denmark	8	295	10	125	20		145

As it is seen from Table 7, transportation of export goods by sea is very attractive costwise which undoubtedly would put Turkish exporters to a very competitive position at wholesale as well as retail levels in the European markets.

Most importantly, utilizing sea transportation of fresh fruits and vegetables to the export markets would eliminate major problems of the truck transportation, namely shortage of reefer trucks during peak export months, and annual transit truck passage quotas imposed by the European countries on the Turkish trucks. Thus, sea-truck (piggy back) transportation combination undoubtedly will increase annual export volumes of Turkish fresh fruits and vegetables.

3. Decreasing Interest Rates for Export Credits

Another item that limits the competitiveness of Turkish exporters in high interest rates for export credits. High interest rates charged on export credits cause substantial increases on costs, weakening the strengths of competitiveness of the exporters. As it can be seen from Table 6, the frequency of this item is the highest of all other variables limiting the chances of exporters in international markets. Simply the annual interest rate for commercial credits is around 100 percent, while the re-discount credits used for exports costs around 50 percent. But the paperwork and bureaucracy are too much and very complicated for such credits. For these reasons, the exporters prefer commercial credits to meet their working capital requirements. On the other hand, the exchange rates between Turkish Lira and other hard currencies are very low causing 15-20% losses for exporters when they transfer their export revenues back to Turkey. The Turkish Government keeps the exchange rates low, in favor of Lira, in order to pull the inflation rate down.

Most of the agroindustry exporters are not qualified, at the time being, for Eximbank credits. Because, there is minimum $1 million export requirement in previous year/season. Interest rate for Eximbank credits is 36 per cent per annum, that is, 17 percent lower than re-discount credit loan provided by the Central Bank of Turkey.

The above-mentioned minimum export requirement may be lowered by 50 percent for all exporters, or selected product types to make more firms eligible to utilize the cheaper export credit of Eximbank. On the other hand, a priority in granting credits may be given to selected countries/regions where the market entry is very difficult. This type of policy change in granting credits can help a lot to small size agroindustry firms in solving their working capital requirements. Having excess to cheaper financial sources will help the exporters to lower the costs, and give better competitive position in the multinational markets against their rivals.

Another way to minimize the costs, and maximize the export revenues, is to establish joint venture companies (JVCs) with the members of distribution channels in domestic as well as export markets. This particular practice is based on sharing risks and benefits, and has been used increasingly in last 3-4 years by Turkish exporters. There is a common belief among exporters that through this conduct, the disputes/claims among exporters and importers are minimized, and the benefits are maximized. Within these JVCs, information and experience of parties are widely shared and both sides are doing their best to generate synergy through the partnership. As a result, the costs are minimized and profits are increased through higher sales. Because, the information and the experience sharing is widely used, and the both parties try to de their best to keep the costs at the minimum level and higher the sales revenue thus achieving the mutual goals.

The lack of information about foreign markets causes serious problems for the exporters. Most of the Turkish agroindustry exporters do not have information networks to monitor the foreign markets. They heavily rely on Turkish Commercial Attaches (They are operating in more than 50 different locations throughout the world.) as sources of information. The information provided by Attaches, in most cases, is too old, and not reliable.

The majority of the exporters who have been interviewed during the field trips have indicated that their partners (JVCs) operating in export markets provide the most reliable information by closely monitoring the markets. As a result of this close cooperation, type of product to be exported, time of shipment, and the final destination is selected properly. The exporters believe that information is a vital variable in exports, and contributes to the competitiveness of agroindustry firms better than any other inputs in decision making process.

Table 8. Export Markets by Follow-up of International Markets

	EC	West Europe (Other)	Eastern Europe	Middle East	North Africa	North America	Far East	Other Countries	Row Total
Through customers abroad	62	18	18	25	9	27	13	9	181
Through Turkish Government's consultants	8	4	1	4	3	3	4	-	27
Through personnel stationed abroad	32	11	9	17	4	13	6	3	95
Through IGEME and/or Exporters' Union	27	13	10	22	3	7	9	5	96
Other	9	2	4	6	3	4	3	3	34
Column Total	138	48	42	74	22	54	35	20	433

As it can be seen from Table 8, the firms exporting to EC member countries monitor the market through their customers (62), as well as their personnel who are stationed abroad (32). On the other hand, the firms which export to Middle Eastern countries rely on both their customers and export promotion organizations. This means companies are not successful in monitoring Middle East market by themselves.

4. Training Consulting and Other Organizational Developments

Regarding the issue of increasing the competitiveness of agroindustry firms, the participants were asked to identify the types of training, consulting and other organizational developments that will be required by the agroindustry exporters in the following years.

As it can be seen from Table 9, the exporters operating in EC and Middle East countries have indicated that organizations such as Marketing Institute and/or Export Marketing Board should be established. The main idea behind forming an institute is that such organization will provide continuous training to the sector about export marketing.

Table 9. Export Markets by Activities to Increase Competitiveness

	EC	West Europe (Other)	Eastern Europe	Middle East	North Africa	North America	Far East	Other Countries	Row Total
Training of key personnel	33	9	6	20	3	12	10	8	101
Training of executives	16	8	6	16	2	7	6	5	66
Training of selected personnel as advisors	8	3	4	7	1	2	2	3	30
Forming and independent institute	45	18	11	26	6	16	11	9	142
Forming a Marketing Information System	51	20	18	34	10	20	14	10	177
Providing consulting services to prototypes	28	10	7	16	2	11	7	6	87
Other	5	2	-	1	-	1	-	1	10
Column Total	186	70	52	120	24	69	50	42	613

On the other hand, Concerning the organization of Marketing Board activities in Turkey, the fresh fruit and cut flower exporters start debating on the issue. Most of the exporters who have been interviewed think that it should be tried on pilot basis. If the pilot turns out to be successful, then other export product categories may be included. By having a pilot test, the negative impacts of the full application of the Marketing Board system can be minimized. All of the fresh fruit and vegetable, and cut flower exporters are aware of this approach. The majority is in favor of the system. However, around one-fifth of the participants thinks that the existing conditions are not suitable for the Marketing Board. The main rationalization behind this point is that it is too late for Turkey. Simply, the exporters have experienced the freedom in dealing with export activities. In Spain and Morocco where the system proved to be successful, the Marketing Boards have been established at the early stages of exportation of fresh fruits and vegetables.

The exporters think that "cut flower" sub-sector is suitable for pilot test, because the cut flower exporters are few in number, and both the exporters and the growers are well educated. The so-called "Marketing Board" will be responsible for the following:

1. The Board will set the minimum standards for export.
2. The Board will help and encourage its members to select and use the proper technology and know-how to improve the product quality to match the international standards.
3. The Board will help to find new export markets and provide constant market information to its members.
4. The Board will be the only authority to deal with the buyers. By doing so, the Board will have more bargaining power, and the members will get more benefit out of it.
5. The Board will provide continuous training to its members about production techniques as well as export marketing.
6. The Board will have better representation and/or voice in dealing with different government bodies regarding the investment and export incentives.

If the Cut Flower Marketing Board experience proves to be successful, it may be extended to other product categories, such as citrus, hazelnut, dried apricots, seedless raisins, dried figs, olive, and olive oil.

The third ranked item on Table 9 is the training of key personnel at different levels of the company. The owners/managers of the exporting firms have pointed out that young university graduates who join the firms should participate in different types of training programs; such as export marketing, business communication, developing managerial skills, and decision making process. On the other hand, the training program for executives is not considered as an attractive option, simply because they cannot leave the company more than one day especially during the peak season. However, the majority of the executives who have participated in face-to-face interviews thinks that executives too, should go under short experience sharing type training programs continuously. If they see that such programs help them to improve their decision making abilities, they will let the junior managers to participate in other training programs.

In order to increase the competitiveness of agroindustry firms; one-to-one type of consulting services seems to be gaining ground. Although this alternative ranked number four in mail questionnaire results, it was considered as the most important method/way during the depth interviews. It seems to be that they did not understand the purpose of the method on the questionnaire. But, once the objectives and the methodology were explained in greater detail during the field trips, their attitudes were favorable towards the system. They have also pointed out that they are ready to pay up to 50 percent of the costs one-to-one consulting services, 25 percent in other training programs.

In sum, exporters believe that training programs as well as consulting services will help them to improve the quality of services provided to their customers, and enabling them to cope effectively with their competitors.

CONCLUSION

Turkish agroindustry firms are facing stiff competition in the European Community, especially from member countries such as; Spain, Italy and Greece. On the other hand, exporters from non-EC member countries like Morocco, Israel and Cyprus are successfully competing with Turkish agroindustry firms. While EC countries are major competitors in fresh fruit and vegetable, olive and olive oil, nuts, and canned good categories; Morocco, Bulgaria, Italy and some CIS countries are strongly challenging Turkish exporters in spices, leather goods, and dairy products categories. Turkish exporters suffer from high transportation costs, and high interest rates for credit loans, causing disadvantages in export markets. In addition to high operating costs in domestic market, they face serious problems because of subsidies paid to their competitors especially in EC member countries.

Turkey will have great export potential after the Greater Anatolia Project (GAP) is completed. The dry farming practices in the area will be switched to irrigation farming, increasing production capacity more than three times compared to existing level. While the industrial crops production such as cotton, soy beans, ground nuts, and sunflowers will be shifted from the Mediterranean and Aegean regions to the South Eastern part of the country, the deserted areas will be available for more profitable crops, especially early varieties of fruits and vegetables. It is predicted that once the GAP Project is completed, Turkey will become the major supplier of agroindustry products having great comparative advantages over their major competitors.

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ABSTRACT

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Title	**East-European Capitalism in Formation**
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The study addresses the economic and social context of privatization in Hungary, depicting privatization in a political economy approach as a social struggle to obtain economic power. The first part analyses the economic, social and political conditions of the evolution of the new class of owners, the composition of the main social groups taking in privatization. The following main groups compete to become part of the new class of owners: descendants of the ruling/holding classes of the era before World War II; the participants of the so called second economy of socialism; the former socialist economic-political elite; the entrepreneurs newly established; the members of the new political elite. Part I analyses the endeavours, chances and struggle for ownership of these groups, one by one. Part II examines the balance of privatization in Hungary to date and some of its economic political relationships. It states that the way of privatization pursued hitherto, based primarily on the sale of state assets, foreshadow, under the pressure of existing economic conditions, a long drawn out transition accompanied by severe economic and social tensions. Owing to these same economic pressures, the elite in power is forced to pursue an economic policy that undermines its own legitimacy. In general, the fundamental contradiction of the change in social regimes lies in the lack of accord between the endeavours of the new political elite in power and the requirements of economic stabilization Hence the maintenance of the economic and political stability of the country calls for a fundamental revision of the present approach to privatization (magnitudes, forms, techniques).

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East-European Capitalism in Formation

the Hungarian Experience

by

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1. Introduction

The change in economic regimes has been much slower and much more complicated than the landslide-like political changes of the state-socialist regimes of Central and Eastern Europe. A decisive process of this historic transition is the **change in ownership, the privatisation** of the predominant share of state assets. No matter how great the temptation may be to interpret this process in ways analogous to the privatisation efforts of the Western world, the contents of the two phenomena differ in their fundamentals. The privatisation processes taking place in the West most of the time amounted to the internal self-adjustment of consolidated capitalist economies, which modified power relations within these societies, but did not effect their structure. In contrast, privatisation in Eastern Europe, marking the change in regimes, is **the economic revolution itself** transiting their societies from one quality to another and creating the basic structure of a capitalist society. Privatization in Eastern Europe brings about a new set of social relations: out of the state - labour relation it creates a capital - labour relation.

In an economic sense, the actual change in regimes is only at its initial stage. To make use of a political metaphor: presently, the foundations of capitalism are being laid in Eastern Europe. Early in 1993, the truly privatized part of former state assets made up 10%. This is less than expected; the process is taking longer than it had originally been estimated. For, as it has turned out, privatisation is not merely a matter of political intent, political resolution. There are objective **social constraints** (e.g. the constraints of the operating capability of the economy, of the level of tolerance of society, the magnitude of the available demand for privatisation, etc.) regulating the framework and rate of the implementation even of the most devoted privatisation plans. These constraints can be transgressed only at the cost of weakening the economic and political balance.

The nature and speed of the process and the character of the social groups taking part in it determine the concrete quality of the evolving new social set-up for a long time to come as well as the chances of whether or not these countries will be able to close the gap between themselves and the advanced countries.

To create a capitalist market economy, the post-socialist countries have yet to face the privatisation of large-scale industry and the major service sectors (large-scale privatisation), of agriculture, small-scale industry and small-scale services (small-scale privatisation) as well as that of the banking sector. In principle, these tasks can be solved in a number of ways. One could envisage the reinstatement of former "owners" (capitalists) in their rights in full or in part (reprivatisation); it is possible to freely transfer securities entitling the holder to acquire state assets in compensation for the material (and non-material) losses suffered by the former owners (compensation). It is also possible to employ free, *en masse* privatisation techniques, whether by citizen's or employee's rights. It is also feasible to freely transfer assets to the municipalities, to Social Security or to public foundations. Last but not least, one could follow the approach nearest to the original concept of privatisation, the change in ownership based on purchase and sale in the marketplace. Here, too, several options are available: management and/or employee buy-out, acquisitions by resident or non-resident natural persons or legal entities. The choice from among the various possibilities is greatly determined by the specifics of earlier social development, the concrete form of the socialist arrangement, the size, structure, degree of development of the various economies, the weight of international economic relations, etc. These factors are so decisive that, if neglected, the developments and dilemmas cannot be understood.

In Hungary, for instance, the gradual dismantling of the socialist model of ownership, the establishment of the operating conditions of a private economy, had begun **years before** the change in political regimes. With respect to the legal, institutional, intellectual "infrastructure" of a market economy, this certainly ensures a starting advantage for Hungary. And it may also have given rise to the illusion that the necessary conditions obtain, privatisation could also be implemented through the market. Another important reason for having opted for privatisation via the market was the high degree of the country's external indebtedness. The pressure to meet external debt service obligations has greatly contributed to the emphasis placed on privatisation revenues.

The experiences of the three years since the political turnabout reveal that the burden of the past is much heavier that what had earlier been envisaged. Hence these societies in the making bear the birthmarks (level of development, legacy of history, etc.) of the societies from which they originate (Marx).

What is, however, even more important is that a highly **specific capitalism** is in the making in Eastern Europe. The specific nature of East European capitalism lies in the social structure, in the values of private capital holders, along the plane of communications

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among economic agents. Hence the new, evolving society can be understood only on the basis of the peculiar East European historical development and antecedents and of the concrete economic and political circumstances. The interrelations and techniques of analysis of "mainstream" capitalism can be applied to it only with great care.

2. The Capitalist Class

According to its social genesis, the first Hungarian capitalist class is (will be) fairly **heterogeneous**. It is heterogeneous by original social status, class belonging, political and ideological values, qualifications and skills, age composition. It is going to be more heterogeneous than that of the period of European capitalization. This heterogeneity is related to the fact that the private sector is coming into being in one of two ways. On the one hand, by way of the **foundation of new businesses** (primarily in areas requiring little, or mainly intangibles, by way of capital) or through the **privatisation** of the existing state sector. It (will) include the "power elite" of the previous regime, the "man of the street" of the former second economy, the "clientele" of the new political power, those "starting from scratch" as well as some of the capitalists of the pre-World War II era. The first four groups share the common characteristic that their inclusion in the capitalist class is based **not on their existing financial capital**. This is a fundamental difference from the classical (West European) and is more akin to the original American capitalization. The realm of business, the possibility of getting rich fast are, at first, open to more people than in the case of capitalization based on firm social antecedents that are strongly hierarchic with respect to wealth and status (as, for instance, in the case of England). This is so not in the least because of the intention of a political philosophy representing some kind of a plebeian capitalism. The true reason is that the range of marketable business opportunities, partly as a legacy of the past, is wide (for instance, in the case of the underdeveloped service sector). Possible economic activities are not yet divided up, there still are market segments free, where many a new venture can "fit in". Moreover, owing to the oversupply of the labour market, it is **economic pressure** that makes many turn to setting up in business of their own. Owing to the lack of financial capital accumulated in advance, however, the stratum truly **capable** of enterprise is somewhat narrow. This, however, also means that, in view of the inherited levelled distribution of incomes, many can attempt to set up in business, transgressing social class boundaries, by making use of the generally accessible financial preferences. In the course of the past few years, new businesses were founded in such large numbers that the per capita number of businesses in Hungary now exceeds the average of the Western world.

a. Those "Starting from Scratch" and Privatization *En Masse*

Those "starting from scratch" are the individuals who attempt to join in the process of capitalization without capital and entrepreneurial experience. Particular affinity for this has been manifested mainly by the young/middle aged, skilled, former middle managers without political commitments, for whom the former regime did not offer professionally and/or financially satisfactory career opportunities. Now, losing their jobs has become a direct threat for many of them. They come into play not so much as participants of the privatisation process, but as initiators of proprietary businesses, frequently of family ventures. As far as numbers are concerned, this is the widest stratum, but they start off with a disadvantage relative to the other groups (as they have no management experience as the power elite of the former regime or the man of the street of the former second economy, nor do they enjoy a preferential position as the 'clients' of the present power). They will constitute a substantial part of the pre-bourgeois class of small capitalists, small entrepreneurs. For this stratum, the risk for their personal capital (as they have none) and well-being (as they feel dissatisfied) is low. This adds additional incentives to taking the short-term view also in business: not protestant ethics, diligent and patient industry, a self-restrained way of life, the accumulation of capital by saving the penny, but the chase after success, immediate gratification, getting rich quick, dancing around the edge of legality tend to rule. These individuals, partly because of the lack of experience in the field, are the least aware of the fact that the management of a business requires special skills; that it is a complex, labour intensive and frequently ruthless activity. Those starting out with the mentality of the "manager doomed to success" are quickly confronted with the facts that one can also fail in business and also that, at times, one also has to do the dirty work in order to survive. Many of them will be able adjust to the rules of the game of a business way of life. It is, however, also to be expected that, at first, the ratio of failures will be high in an international comparison. The explosive company foundations will be followed by a flood of bankruptcies. The **disillusioned petite bourgeoisie** could be inclined to blame others - partly the existing political power for having created operating conditions leading to their failure and partly those who have adjusted successfully, who, with their greed and aggressiveness, are responsible for their failure and partly the representatives of the old regime who, still enjoying their position, prevent them from making use of existing opportunities - and, with their vehement disappointment, could constitute dangerous political fuel .

Even the successful of the newly starting entrepreneurs can achieve a situation where they can successfully bid for more substantial parts of the assets of the state based on their own funds , only after long years. It is also not easy to take over these assets to operate them only, as domestic entrepreneurs, as a rule, do not have the minimum working capital required for running a business. The example of a few spectacular failures has shown that the high external leverage assumed to finance growth can easily lead to the bursting of private ventures swollen like balloons.

Owing to the lack of an earlier accumulation of capital, the new capitalist class does not have an archetype for the privatisation of existing assets. For this reason, each of these countries tries to employ artificial solutions, *creating* demand for privatisation, devaluing the state assets or distributing them. Within the framework of the set of civic norms (equal rights) accepted as a doctrine, there was no possibility of granting the possibility of ascent to the capitalist class to a limited group selected, lacking economic criteria, on the basis-of political considerations.

A typical form of the techniques applied is the so called voucher privatisation, within which citizens are given, free of charge, equal amounts of vouchers against which they can buy state assets. Another typical method of privatisation on a massive scale is the granting of preferential loans (more or less, also vouchers) to finance the acquisition of state assets. These techniques enable wider social strata to take part in the first phase of capitalization in Eastern Europe than in the case of the classical approach, onto which the myth of a democratic, populist capitalism can than be built. It is, nevertheless a myth, because it does not take the fact into account that, under the concrete East European circumstances, the concentration of capital will be extraordinary with respect to both its speed and extent, as a result of which even those businesses, which in other countries and in the textbooks are typically small, independent businesses, will become parts of large private empires.

The repeated declaration of the equality of chances and the initially massive nature of the process cannot hide the fact that, even within the framework of *en masse* privatisation, certain groups are preferred while others are discriminated against, for political considerations. In Hungary, for instance, those who took part in the suppression of the 1956 revolution were formally excluded from any type of compensation, while the former capital holders, the soldiers of the

Hungarian Army of World War II and the political prisoners of the socialist era were given preferences. That is to say, political aspects play a very direct role in the evolution of the new capitalist class: certain political acts favourably or unfavourably judged by the present powers can ease or, in other cases, hinder access to capital .

The individual enabled to acquire state assets under *en masse* privatisation does not automatically turn into a capitalist - at best into a small shareholder. For what typically comes into being as a result of *en masse* privatisation is not the independent holders of major businesses, but small business shares and small shareholders in existing ventures, without any possibility of influencing the management and operation of the business. But only those can be regarded as true capitalists who can actually make decisions with respect to the employment of their capital. The end result is not different with respect to the source and composition of incomes either. *En masse* privatisation can also let beneficiaries acquire shares. The revenue from these, however, will only be a modest supplement to their wages.

The fragmentation of ownership strengthens the ownership position of those who acquire a controlling interest, enabling them to exercise unchecked control over the company. The more fragmented ownership is, the less investment is required to obtain effective influence. *En masse* privatisation is an efficient means of fragmenting ownership and, in this sense, it facilitates that certain individuals, with the assistance of many, have disposal over capital disproportionately large compared to their investments. The small shareholders are, in fact, the creditors of their businesses.

It is also probable that, through *en masse* privatisation, in the "pre-capitalism" artificially created by the establishment of independently unviable, fragmented small holdings, the concentration of these small, fragmented holdings in the hands of a few will take place with extraordinary rapidity. The beneficiaries of *en masse* privatisation are likely to turn their rights to acquire assets into cash, as their financial position does not allow most of them to wait until they can obtain an income from their shares or they simply cannot afford the uncertainty of income concomitant with holding shares. In order to obtain cash, they are willing to give up even a substantial part of the face value of the voucher. Paradoxically, this improves the financial position of the buyers and not that of the sellers of the vouchers. The buyers, by turning the acquired vouchers to investment, can obtain assets of greater value than what they had paid for, as they buy the vouchers below their nominal value as well as the state assets, below their fair value, changing thereby the distribution of incomes to their own benefit. In this way, *en masse* privatisation prefers those who have already obtained the means of investment or, even without capital, are in a position enabling them to operate capital.

A significant portion of the state assets can be distributed through the voucher scheme, but the capitalist class will not consist of the first voucher holders. Through the redistribution (purchase and sale) of the vouchers in the marketplace and the exclusion of the small shareholders from decision making, the (cashless) quasi-capitalists created artificially by *en masse* privatisation will soon loose even this appearance and will remain mere employees. That is why the naive or cynical political thinking wishing to create (and uphold) a wide domestic capitalist class fast by way of the mass privatisation of medium-sized and large enterprises is not feasible. The constraint of the lack of earlier capital accumulation in this area cannot be transgressed. In spite of all political intent - as long as these intentions remain to be based on the principle of equal rights - capitalization will be a long drawn out process.

b. The Participants of the Former Second Economy

There is no doubt that the active participants of the second economy of the previous regime will constitute a segment of the new entrepreneurial-capitalist class. They are the people growing first-fruits under foil tents, raising pigs under contract, driving cabs or repairing cars. Characteristically, they are the small timers of the past regime, most of them factory workers, working members of the cooperative farms, office clerks. As a result of their dual social position, they bear ambivalent values. While they were the employees of the first sector, they also made use of the opportunities offered and, to some extent, they broke away from the ties of state factory (agricultural cooperative, office) and outside it (although not independently from it) they set up their own businesses . They constituted one of the preferred groups, enjoying a special position, of the reformed socialist society. Their opportunities were always determined by the framework set in the course of political and ideological struggles. Having grown out of this framework, they could not progress further within the walls of the given system and, ultimately, they turned against their benefactors. The loss of the confidence of this almost *petite bourgeoisie* played a not negligible role in the coming into being of the political turnabout in Hungary.

The second economy co-existed with the socialist public sector in a virtual symbiosis. Its operation was characterized by being established frequently on the infrastructure of the state sector, finding the market niches left open by it and often jobbing for it. With the collapse of the socialist sector, however, these opportunities were also lost. For this reason, the change in economic regimes has very different effects on the agents of the former second economy. For some, it brings about the chance of rising, for others, the loss of the fundamentals of their business existence.

The agents of the earlier second economy do have certain entrepreneurial, management **experience** , but they do not have substantial accumulated **capital** , that would give them a special starting advantage for joining the capitalist class. The groundwork of the former second economy was laid, in accordance with the basic values of socialism, in such a way so as **not** to allow the generation of substantial re-investable capital. Some capital was nevertheless generated but, with the permanent uncertainty surrounding the second economy, the zigzags of regulation, political debates, etc. the participants found it too risky to reinvest their profits. Also, the instruments of capital accumulation (outside one's own business) were missing (there was nothing to invest in). Hence the far greater part of the income generated by entrepreneurs was put to consumption. This voracious forced consumption, motivated by external circumstances that frequently seemed to be unbelievable and irrational from others' point of view turned into a fixed pattern of behaviour for some of the agents of the second economy. Now, when the formal barriers to the reinvestment of profits are dismantled, and the rush to enterprise also gives rise to competition, many have to curb their earlier excessive consumption. Those who do not, face the threat of being, perhaps completely, driven out of the market. The elite consumers of the previous regime (who, in many respects, followed the consumption pattern of the Western upper middle classes under East European conditions) and its men of success are now losing their positions in any case: their consumption advantage has vanished, and their businesses, because of their basically labour-intensive nature, are unlikely to grow dramatically. Thus the agents of the former second economy are just marking time, under the new conditions.

Some of the experiences they gained in the second economy will certainly continue to be useful, also assisting them in adjusting to market conditions. The importance of knowledge and skills obtained in the areas of management, cash management, bookkeeping are not to be underestimated. The representatives of this sector, by virtue of their experience, take a more realistic view and are less likely to chase illusions than the "newborn lambs" (and hyenas) of today's business community. Their earlier experiences will come in useful also because, in spite of the end of the economy of shortage, the system of personal contacts, obligations and intertwinings, mutual favours and payments under the table will continue for a long time to come. Continuity in this will be provided precisely by the entrepreneurs/capitalists originating from the former second economy. They will be able to utilize not only their old contacts, but also, and mainly, the techniques of building them - with the only difference that these techniques will now have to be employed not to obtain a special screw or a pair of Wellingtons, but to get orders and preferential loans, to get the authorities to pardon the violation of environmental or sanitary regulations, etc. Similarly, the practice of tax avoidance and tax evasion will continue to live long. The agents of the former second economy know more also of these areas than the former employees now turning to enterprise. **Old patterns of behaviour continue to survive** under the new conditions and also **characterize the evolving market economy.** Owing to the weakness of contract discipline, of security in the law, the institutions of the market economy operate in unexpected ways, not those behavioural standards are asserted that could facilitate the positive driving forces of the market. One should not commit the mistakes of a mechanical Marxist determinism and of the simplified economic approach of neo-classical economics: changes in economic (and within it, ownership) relations do not automatically and immediately change also the reflexes and behaviours of economic agents who had developed them over many years. The new capitalism will, for a long time to come, bear the marks of the looseness and softness of contract relations, laws, of the formal rules of the game. In this case, it is more the actors who form the market economy in their own image than *vice versa* .

At the same time, the agents of the second economy, with the advent of market economy and the dismantling of the former barriers to business expansion, have also landed in new circumstances which also constitute adjustment pressures. Whereas formerly the external environment prompted them to consume their income, now, the stabilization of the business way of life mediates a pressure to reinvest. The growth of the businesses of the former second economy, the sheer change in size, constitutes a challenge. Selling tomatoes as a private grocer under the K d r-regime (and consuming the income) is a different *genre* , requiring different techniques from, say, managing the portfolio of a diversified company. The agents of the second economy have also arrived at a cross-roads: some of them will be able to change, others not. Old reflexes are of major importance also with respect to the success of individual adjustment. Earlier behavioural standards determine the relations of the new system on the one hand, but they are insufficient for individual integration into the new set of circumstances.

c. The Former Power Elite

The former power elite covers different groups. The highly qualified technocrats loyal to the previous regime (most of the top company managers and those in the higher echelons of state administration belonged to this group in the past decades) as well as the somewhat eclectic group of politicians and political "apparatchiks" including both those who honestly professed to the values of collectivity, solidarity and social equality and those who advocated these values for their individual interests only (those disillusioned along the way, those *ab ovo* cynical) could be equally grouped into this category. The common characteristic of these groups is that they do not have the financial capital that would enable them to compete for the key positions of the new entrepreneurial-capitalist class with any special chance of success. But, by virtue of their former social position they have acquired knowledge, skills and information that are of capital value and so enable them to convert their former political (and consumption) elite position into economic (and partly political) elite positions. The realization of these possibilities is, however, taking place within the given society and the given political medium, and not under conditions of unbiased competition, where capabilities and aptitudes are measured not in a medium neutral to interests, under laboratory conditions. Therefore, joining the new entrepreneurial-capitalist class is not simply a matter of free choice, but a function of political factors and struggles.

The chances of the better qualified, younger strata of the former elite in higher positions to take a new start are favourable. In addition to their up-to-date expertise, they can also utilize their wide-ranging domestic and foreign contacts and their experience in management. This is an intellectual contribution truly worth capital, which, experience shows, foreign capital also puts a high value to. Many of them are being integrated into the new elite not as capitalists, but as the top managers of foreign capitalists.

This part of the former economic and political elite had, during the last years of socialism, developed regulations that ensured the continued holding of top management positions and, to some extent, also their capital acquisition. Upon the initiative of management, the former state enterprises were first broken up into companies (this was later termed as spontaneous privatisation), while the former enterprise headquarters took over asset management (holding) functions. In addition to the most profitable business lines of the former state enterprises, private and foreign business shares were taken into the new companies. Those buying the state holdings taken into

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these companies were frequently the company management, a group of the small-scale entrepreneurs that had accumulated capital in the meantime, and the bureaucrats in economic control functions of state administration.

Before the 1990 elections, economic policy encouraged these changes with a number of instruments. For a transitory period (until November 1, 1988), Hungarian company foundations were encouraged with tax concessions, exemption from the constraints of wage control and export-import regulations and with preferences related to the acquisition of assets. The Government of those times created these opportunities because in parallel with the greater scope of movement for companies they wished to reduce company subsidies to meet external expectations. Under the conditions of the reduction and termination of state equity contributions, investments and subsidies, of the also retroactive raising of credit rates implemented within the framework of a stringent monetary policy, whoever could, fled forward.

Spontaneous privatisation was caught in cross-fire from virtually all sides. During the period of the change in regimes, criticism was expressed partly by the employees, partly by the new political forces then surging forward. The Government, however, assisted these processes. After the elections, however, the tables were turned: it was mainly government forces that attempted to halt spontaneous privatisation. The new Government was concerned that, owing to depressed privatisation revenues, it would not have enough funds for debt service management. The main attack, however, was political by nature. As the social base of spontaneous privatisation was the old management, it naturally meant a burden for the new political elite. To hold spontaneous privatisation in check and, in parallel, to establish the social-economic base of the newly gained political power, a comprehensive attempt was made to centralize privatisation.

Today, the approval of the State Property Agency, subordinated to the Government, is required for company transformations. The assets of the enterprises founded by the municipal councils (worth about HUF 300 billion) were transferred to the State Property Agency. From here on, the sale of these assets enriched the central budget. The regulations pertaining to the inflow of direct foreign investment - the most liberal among the former socialist countries - were replaced by regulations and a practice that strengthened the discretionary powers of the Government (ensuring the distribution of concessions as it liked).

Still, coming to a compromise with the managers appointed to management positions before the change in regimes was inevitable. Another management stratum, enjoying the confidence of the new Government and able to run the economy, was simply not available. It has also become obvious for the realistic members of the Government that spontaneous privatisation cannot be halted through the centralized approval procedure of company transformations, that management cannot be easily excluded from the process. Company management has several instruments for enforcing its interests. One is to sell certain parts of the assets of the company to a company held by individuals in some way related to the management. Company management can also influence the purchase price also in the case of privatisation carried out under SPA supervision; subsequently, the management can convert the sold assets into shares of their own. The third possibility is to separate those business lines of the state enterprise that require little by way of capital, but are highly profitable.

The re-centralization of the ownership rights of the State also continued. This was the purpose of the establishment of the superholding State Property Management Corporation, which exercises control over the companies in its portfolio, circumventing the Parliament. In this way, a centralization of state assets took place unparalleled for the past quarter of a century, while nothing happened to facilitate the establishment of more efficient forms of state property management.

Three groups of state property can be distinguished. The first includes the monopolies of energy, infrastructure and public utilities deliberately retained in state ownership. Within this group, state price control and strong central dependence continue to be maintained. The second group is that of the large commercial banks held by the State. The banking system is the key sector of a market economy, hence ownership relations here are a particularly sensitive issue. The management of the large banks and a part of the financial bureaucracy advocates their privatisation through raising their capital by way of drawing in foreign investors from the banking sector. The privatisation of the banks is going to be a long-lasting process owing to the ambiguous behaviour of the Government and the economic-technical difficulties involved. Formally, the Government supports this scheme: there is a Bank Privatization Committee, the loan consolidation scheme has been announced, etc. In actual fact, however, the slow progress of the matters, the announced conditions of loan consolidation indicate that the Government does not really mean what it says. Political interests as well as those related to the equilibrium of the Budget go against the privatisation of the banks.

The third group includes the assets that the State holds against its will: the companies on the verge of bankruptcy or already bankrupt that are increasingly difficult to sell. The State Property Agency manages and tries to privatize these assets.

Turning to business does not cause any value crises for the technocrats and career-orientated politician members of the former elite; they - if left to it - will easily fit into the new capitalist class. Experience shows that there is a good number of them who do exploit their superior information and knowledge of legal loopholes, arising from their former positions, to expropriate the assets of the state at unrealistically low prices. In this muddled, uncontrollable situation, quite incredible cases occur: the manager of the large state enterprise deliberately ruins the enterprise so that his own private business could acquire the most valuable parts of the assets extremely devalued in this way for pennies. During the socialist era, profiteering through the abuse of power was limited by the fact that, legally, the assets could not be regarded as one's own. This also required the observation of certain written and unwritten social norms (in the areas of employment, wage agreements; the enterprise could not be sold and the money could not be carried home, etc.) in the course of the operation of these assets. Now, however, most impediments have been removed from the way of ruthless looting. The more vigorously and the faster the political power wishes to privatize, the more it is forced to turn a blind eye to the erosion of state assets. Who wants to sell at any price, will have to accept any price. The profiteers abusing their power in socialist times - who managed to steal not more than enough wood to make up a week-end cottage out of the assets of the State - now look like petty pickpockets in the shadow of the gangster-privatizers of today. True, some of yesterdays pickpockets have reappeared among the main plunderers of state assets.

Probably, the major part - significant also in terms of absolute numbers - of the main body of the political functionaries coming generally from the lower echelons of the former power hierarchy, who were committed to socialism, representing the need to transgress the market economy of private property; whose qualifications (say, degrees in Russian, history, etc.) have devalued in the meantime and who are generally middle-aged or older, are now fighting an everyday battle against drifting to the peripheries of society. For them, becoming part of the new entrepreneurial-capitalist class is a severe moral trap, which is as difficult to avoid as it is to climb out from. Paradoxically, there is hardly any field of existence open to them other than joining the elite of the rejected new system. Getting into the new entrepreneurial-capitalist class, however, frequently gives rise to conflicts of conscience as it also presupposes a hard to accept political loyalty to the existing political power. But there is another, even more grave dilemma. One of the highly specific, historically unparalleled and also open questions of the entire East European transition is how the clash between the value order of the old elite growing into the new capitalist class and the logic of operation of the new economy will be resolved. To formulate the question in a more pointed way: how can a critical approach to capitalism be reconciled with privatisation and the business way of life? Partly, market economy, destructively forging ahead, adjusts the old-new elite to itself; in part, the old-new elite adjusts market economy to itself. They mutually affect one another and both are transformed in the process. It is, however, inevitable that, within this contradictory relationship of (form of) existence and consciousness, the former be the decisive element and not because of a deduction from a social philosophical premise, but because that is so determined by concrete economic-political factors.

The contribution of the representatives of the old elite to the intellectual capital of the new capitalist class - collectivity, cooperation, reconciliation of interests as values; regarding employees and their organizations as partners; taking into account welfare aspects and social justice in making economic decisions, etc. - will certainly influence the intellectual profile of the new elite as well as the actual operation of the evolving market economy. Predatory capital will, however, sooner or later, surround and devour or thrust out the body alien to it. In Eastern Europe, all that the socialists as capitalists can hope for is that a more cooperative form of capitalism will evolve out of the primary mist and superhumanly heavy burden of the present transition.

The weight of the external conditions, ideologies and subjective agents acting against the realization of such hopes is very significant indeed. It is not the most opportune moment for relying on partnership and cooperation in the very middle of the separation of the social partners. For in Eastern Europe, the process termed transition or, more concretely, privatisation, is the **original accumulation of capital** itself: what, from the point of view of one actor, is gaining of the ownership of some means of production is, from the viewpoint of the other, is the loss of the same. The acquisition of the means of production by some and divesting others of them constitute the social content and classifying function of privatisation. The former state assets, in a constitutional sense and guarantied by the Constitution, used to be the "property of the producers". What is now taking place is the transfer of this very low value (as known from the experiences of the concrete operation of the former regime), constitutionally employee property to private hands.

The process is effected not through physical violence, nevertheless, it is painful enough for those who are being divested of their means of production and are being forced into a lower social class. Under such conditions, only the most hypocritical or the most naive can talk about "partnership".

d. The New Political Clientele

The political elite coming into power as a result of the change in political regimes rightly recognized that there cannot be a lasting conflict of interest between those possessing economic and political might; political power cannot go against the interests of those having economic power. Whoever has the economic power, will also have political might (Lenin). They also recognized that the less they intervene in the privatisation process, the more it is allowed to proceed freely, the more - for them - dubious economic power hinterland evolves. To counterbalance the advantage of the former elite, the new elite is now trying to raise as many of its own sympathisers, as soon as possible into the new entrepreneurial-capitalist class, using artificial means (allotting positions, providing information, etc.). They also hope that those to whom, outside this circle, they grant allowances, will sympathise with them and will also express their gratitude in the appropriate form (elections, etc.) when the time comes.

At first , the issue for the political elite arose in the form that the more of the appointees, beneficiaries of the old regime set in their old positions, the less of the new ones can get there. They imagined the change of economic power as a 0-sum game. This, then led to what to do: the representatives of the old power should be driven out of economic power as soon as possible. Everything, from the propaganda campaign about the communist lack of expertise to the increasingly frequent use of the recentralized ownership rights of the State to dismiss top managers, served this purpose. It was characteristic of the initial vehemence that, in certain cases, the cynical destruction of companies, entire sectors was not too high a price for getting rid of those occupying positions of power. According to certain estimates, 70 percent of the top managers of the former state sector in Hungary are not in their office three years after the political turnabout. (Naturally, the drastic shrinkage of state industry - by 40 percent over 3 years - *inter alia* , by happy and voluntary conversion to private business, also played a part in this.)

The political course taken in Hungary and primarily the centrum-focus and pragmatism of the Prime Minister, J¢zsef Antall, was, however, manifested mainly in having stopped - by having risen above his (let us add, very high degree of) political and ideological antipathy against the representatives of the old regime - the forced changing of the economic elite. He recognized that the dismissal of the old economic elite threatens the operation of the economy, for managers of large industrial businesses cannot be replaced by piano teachers and veterinaries (the main base of the present political power consists of intellectuals attuned to humanities or the natural sciences, with usually middle employee status). He also recognized that the transition to a market economy and, as part of it, the transformation of state enterprises into companies, leads to the multiplication of positions of economic power. The enterprise director with sole responsibility for the running of the firm is replaced by Boards of Directors, Supervisory Boards and Managements and these offer opportunities for the comrades of the power without having to dismiss the old ones. **The change in the political elite is increasingly concomitant with a necessary economic cohabitation** that is recognized and acknowledged as such, even though under a great deal of attack from the radicals of the new political power.

Those favoured by the new regime do not have economic experience and frequently not even the necessary qualifications, often accompanied by illusionary expectations. From this aspect, they are very similar to those "starting from scratch". But they also differ from this latter group in the fact that, in return for their active political support, they are immediately given high positions and the opportunity to join the medium-large capitalist/enterpreneurial/managerial class. Their ideas of a market economy are primitive and naive. Their reflexes have, in many cases, been conditioned by the "state-party": they want to ensure the survival of the companies entrusted to them by some kind of central assistance - by obtaining state orders, having protectionist measures introduced, lobbying for tax concessions, etc. Frequently, the top political-economic leadership, by whom they were appointed, is partner to this. Hence the market economy evolving in Eastern Europe is characterized by the relatively **strong intertwining of the political and economic spheres, where political considerations frequently take precedence over economic ones.**
The important role of the center is also related to the objective economic conditions. An economic policy of non-intervention cannot be pursued in a receding economy, where reduction has become a self-perpetuating process - and this is the situation in most of Eastern Europe. The measures necessarily taken to stop the recession, however, frequently follow the "old recipe": they are prepared not in the course of public negotiations but in the "witches' kitchen" of political agreements behind the scenes.

There will be some who will return from the old ruling class

The ruling class of the pre World War II era were, with the ascent of socialism, divested of their economic power and they were also excluded from public life. As a class, it was annihilated, the individuals constituting it were driven to the periphery of society. No matter how great losses they suffered relative to their **former position** , no matter what trials they had to withstand, their descendants today still have better chances of accumulating capital (and becoming part of the political elite) **than the vast majority of the domestic population.** There are many similarities between the predominant ideas of today's ruling elite and the conservative Hungarian capitalism of the era between the two World Wars. By now, the personal overlap and intertwining between the two elites has become striking. Several prominent personalities, influential advisers of the government majority and of the opposition responsible for the change in regimes are descendants of the (more anglophil) pre-World War II ruling elite who were not discredited for collaboration with the Nazis. Those, who had to keep low for forty years, came forward all of a sudden. The "family silver" and a lot else were also suddenly found.

In spite of the severe economic losses suffered owing to the expropriations and their extreme personal trials, many of the members of the one-time ruling class were able to conceal their wealth or flee with it abroad (or to safeguard their assets kept abroad). There were some who, by virtue of their expertise or connections, managed to get back on their feet abroad after their "proletarianization" and subsequent "exile"; now, they try to acquire property with the wealth they accumulated with the successful start abroad. The partial compensation - benefiting mainly the former small property owners - decided on by the Government also helps them. The *bourgeois milieu* (business culture, mentality, the knowledge accumulated by former generations and now reactivated) known by personal experience or from family discussions, the know-how of capital operation are no small advantages in comparison to the entrepreneur just starting today. The special driving force of regaining the "legacy of one's ancestors" (frequently the family estate), of the moral command of "cleansing the stained honour of the family" should also not be underestimated. In this sense, there is an attempt at restoration, and, as far as **individual** positions in power are concerned, this restoration does have a chance a Hungary. This, naturally, does not mean that the pre-socialist ruling **class** would restore its old power. That ruling class is dispersed, grown old, its connections are worn. Nevertheless, the presence of some of its representatives can be well demonstrated in both the political philosophy of the present elite and its composition.

3. The Balance of Privatization in Hungary To Date and Its Perspectives

Privatization in Hungary serves at least two purposes. First and foremost, as a kind of mission, it is the instrument of creating an economy based on private capital. In addition, it is also an instrument of concrete economic policy endeavours. The leaders of the economy wish to use privatisation primarily for the management of the debt crisis. Their point of departure was that, in the medium-term, the country would not be able to meet its external debt service obligations out of its current foreign exchange revenues. To do that, direct foreign investment is also needed.

It has become clear that the gradual, as far as operation was concerned, "organic" transition to a market economy kept under control by the previous elite is being replaced by a class struggle fought for property. In the heat of this battle, practically none of the major organized political forces faced the economic - economic-political constraints effecting the transformation of ownership relations. A realistic stock-taking of these constraints would have resulted in a very different approach to and scheduling of privatisation. Originally, the Government aimed at private capital having a 50% and foreign capital, a 30% share over four years. Having seen the economic difficulties and that privatisation is lagging far behind schedule, most people today speak about the need to speed up the privatisation effort. In actual fact, the opposite would be called for. Instead of the unprepared rush to privatize - which is the hot-bed of corruption and the squandering of state assets, the slowing down of privatisation, the development of a comprehensive conception would be needed. The political difficulty of the matter lies in the fact that in the areas, where the Government did reckon with realities, there - similarly to its predecessor - it is forced to pursue an economic policy undermining its own legitimacy. The course of economic policy in force not only goes against employees - and this stratum bears the main burden of the transition - but also deeply violates the interests of the new entrepreneurial stratum which is otherwise in a natural alliance of interests with the Government. This can be observed mainly in relation to the restrictive economic policy applied in the interests of external debt management. The policy of stringency - through the high lending rates - is strangling the operation of newly started businesses. This situation has greatly deteriorated the relationship between the Government and its own potential class base.

The decisive criterion of the privatisation practice followed until the end of 1992 was that the transfer of

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state assets to private hands was effected mainly by acts of purchase and sale. The lead role on the demand side was played by foreign capital. It followed, then, that the greater part of the newly generated private property was also in foreign hands. Making use of its competitive advantage, foreign capital was able to acquire the most promising Hungarian companies. By purchasing 2% of the assets, foreign capital acquired 20% of the net Hungarian income. Experience to date shows that the tax concessions, exploitation of internal monopolies and increasing market shares were the main driving forces of these investments. Foreign capital occupied certain key points of the domestic market and a part of the fiscal sectors (e.g. tobacco industry). Experience does not indicate substantial technical-technological development or other investments in the sectors taken over by foreign capital. In fact, in a significant number of cases, a serious reduction of activities ~~and~~ of the labour force took place after the acquisition of the given company. The marriage of Tungsram and of General Electric is a typical example of the behaviour of foreign capital taking part in privatisation. With this transaction, GE bought Tungsram's 5% share in the world market, whereby it could penetrate the European market of illuminators. The GE developed the production capacities it needed and cut down on the rest. To implement its business objectives - together with other multinational and transnational companies - it has exerted resolute pressure on the Government to achieve the devaluation of the forint.

The greatest part of the meagre domestic demand was fed by preferential loans. Domestic capitalists became capitalists either by borrowing or by having acquired state assets through the legal - illegal exploitation of some kind of market superiority.

As to the supply side, retail trade, catering, investment business and the companies of industry and food processing were the first to be put on the privatisation market. Practically, privatisation has not yet begun in the commercial banking sector. The sectors, where privatisation has progressed furthest, are the food industry, building materials industry, the machine industry, domestic trade, light industry and construction. The greater part of arable land has, through compensation, been turned into private property. Cultivation, however, is still effected mainly in cooperative forms, as the conditions of individual farming (individual capital, the institutions of agricultural lending) are missing. The offensive launched to break up agricultural cooperatives and to establish independent farm estates failed. The experiences of the land auctions to date and the situation of agriculture indicate that the process seen in all cases of free distribution of assets is being repeated also in the case of compensation. The first of those obtaining assets free will, sooner or later, bow to various economic pressures and sell their property, whereby the accumulation of these assets in the hands of a few individuals begins.

As a result of privatisation and in spite of the spectacular growth in the number of economic agents, competition has not become more intensive in the decisive areas of the economy. Through privatisation, the former state monopolies were frequently turned into private monopolies.

In 1992, market-based privatisation came to a halt. The transformation of state enterprises into companies has speeded up and this process is expected to continue, but, within this, the actual transfer of assets to private hands has declined substantially. The slowing down of true privatisation is caused by the deficiencies of both the demand and the supply side. Having pocketed the most attractive Hungarian companies and seeing the arising opportunities elsewhere in the region, foreign capital has turned towards other hunting fields. The most important characteristic of the supply side is the continuous deterioration of the composition of companies available for sale. The best companies have already been sold, the general state of the economy is continuously declining, deteriorating the quality of the remaining privatisation supply.

Owing to the failures of privatisation through the market, the Coalition Government is shifting its emphasis decidedly opening the way also to free privatisation outside the market. Through this, it also attempts to put certain social groups in its debt and to enhance its popularity.

The further softening of the conditions of the preferential privatisation loan facilities, the planned free privatisation credit line bidding for which would be conditional upon citizenship only, wish to strengthen a wide domestic property holding class and would, at the same time, speed up the "sale" of the assets that cannot be privatized through the market. Similarly to the institution of the compensation voucher, these arrangements are also suitable for allowing the Government to have a direct say in who can become capitalists, thereby to guarantee voters for the Government distributing the assets. The "regular" operation of these arrangements is conditional upon the relatively high share of the state holding and the centralization of ownership rights.

In Hungary's case, the process of falling behind the advanced capitalist countries has accelerated since the change in political regimes. If a 2-4% economic growth - as assumed in the most optimistic scenarios - does begin in 1994, the economy would again reach the level of its 1989 performance only by the turn of the century. The realistic question therefore is not that of closing the gap, but whether the path followed hither is suitable for slowing down the rate of falling behind. The changes to date point not to today's advanced capitalisms (the center countries) but to some version of the semi-peripheric capitalist economy.

The experiences of privatisation in Hungary to date have shown that "organic" privatisation based on internal accumulation and aimed at facilitating the evolution of the domestic bourgeoisie, and the modernization of the economy, closing the gap between Hungary and the advanced countries and debt management concomitant with restriction and the withdrawal of funds mutually exclude one another. Privatization without capital or with the necessity of capital withdrawal in the long term does not give the country a chance to catch up economically with the advanced countries. The inflow of direct foreign investment arising from privatisation could give rise to the "optical illusion" that the pressure of external indebtedness has substantially lessened. External debt management, once the assets attracting foreign interest are exhausted, could again become an acute problem.

The radical transformation of ownership relations cannot, by the nature of the matter, be socially just or economically efficient. Under the given economic constraints, the ownership change subordinated to debt management does not ensure the consolidation of a market economy. Even if the endeavours/mistakes rooted in economic policy were to be disregarded: the conditions of transferring state assets to private hands through the market simply do not obtain. Neither the capital, nor the adequate entrepreneurial stratum/abilities are available. Under these conditions, the forcing of privatisation destabilizes the economy, reduces its performance and leads to a stable economy only after grave social damage and a long time. The prolongation of privatisation, that is, of the real change in regimes threatens with the diminution of social base of the present governing elite and the loss of its power. The political clock and the economical clock tick at different rates. During the period of a prolonged privatisation, a substantial part of the state assets could simply melt away due to the bankruptcies and liquidations. Therefore, the Government should aim not at accelerating privatisation, but at stabilizing the corporate sector, at running the viable parts of the existing state assets in an efficient manner. To make use of the paraphrase of one of Gorbatschev's thoughts: the survival and stability of the country should take precedence over the aspects of class struggle (privatisation).

The Environmental Consequences of Modernity and the Transformation of Post-Industrial Society

By

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ABSTRACT

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Title	The Environmental Consequences of Modernity and the Transformation of Post-Industrial Society
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This paper seeks to elaborate the world view of science and technology as originally developed by Francis Bacon. The implications of this Western view of mastery and domination over nature and indigenous people is traced to its current implications for the global society of the 21st century. Post-industrial society continues to inform its people and compell its economic institutions that development will continue at exponential rates. The "cornucopia" view of nature as boundless provider of plenty is held by most in developed societies and aspired to in less developed countries. The wasteful consumerism of developed countries, especially the USA, cannot be transported to three or four billion more people on the planet. Our planet simply cannot continue to sustain conspicuous consumption and unbridled military spending. The implications for both developed and less developed societies suggest major economic, political and social changes in the next century.

Introduction - Two Clashing World Views

A scene from the movie version of "A Passage to India" vividly and heroically displays the clash of two cultures between World War I and II. A young Indian physician is deeply, madly in love with an English lady yet fearful of retaliation should he communicate his love. Given India's domination by Great Britian coupled with their beliefs of racial and cultural superiority he is seemingly in an insurmountable dilemma. He decides to consult a Hindu priest. The kind and loving doctor asks for advice on this classic contradiction between love's desire and the very real social constraints of his day. He asks what he can do to win the love of the lady. The priest's response is vivid, stark and chilling from the standpoint of Western thinking which has been shaped by science and a belief in individual mastery over human and natural forces, "...you can choose to do something or you can choose to do nothing, what ever you do (or do not do) the outcome will be the same." This dramatic moment summarizes and contrasts the pre-scientific, sacred, divenly inspired conception regarding humans' dance of life, with the modern ego's quest to change and control the world. In pre modern societies change and growth were virtually impossible because humanity was dominated by religion or by nature; both were to be feared, little understood and never altered or controlled (Manchester, 1992).

Francis Bacon (1561-1626), Lord Chancellor of England, is credited with popularizing the modern scientific world view. (Martindale, 1960, 26) Such a view has inspired and continues to inspire a host of thinkers and doers for whom an oysterbed, a rain forest, an aquaifer, a wetland, etc. are theirs to use, master, and exploit. Bacon's plan for the new European of the 17th century rested upon the triumph of man over nature. The scientific method was to enable man to master and take control of nature for the betterment of his kind (ibid). The resources of land, animals and native peoples have been and still continue to be viewed as exploitable dominions.

These resources, when coupled to active ingenunity, are supposed to create a better existence for many, principally through reducing risks and making life more comfortable. Certaintly, post industrial society has at least for the upper class and most middle class people eliminated many risks and problems which have plagued societies for millennia, threats of starvation, disease and the want of shelter have been eroded for most in developed societies. Yet even within the United States tens of millions are poor, and these threats are all too real for the poor majority in Africa and South Amercia. The blind pursuit and implementation of high technology in a society devoted to hyperconsumption by those who can afford it threatens the very biological foundation of life and economic well being as well as those freedoms postindustrial societies have come to enjoy. Giddens (1992,4) warns us that modern man now dominates and has very little regard for nature, or each other. Thus the real possibility of environmental and social catastrophe looms over us.

Criticism of views that depict the earth as one great auction house of contemporary Baconian entrenpreneurs whose resources go to the higest bidder are numerous. The instrumental self serving view of earth and its resources was perhaps useful and necessary for moving humanity out of the ignorance and superstition of the "dark ages" (Manchester). The Enlightenment, industrial revolution and now post industrial society represent a series of great leaps in knowledge and doing. However the pace of exploitative and environmentally damaging social relations continues unabated, and in many respects the planet and a greater proportion of its people are worse off today than in the past and will be in worse condition tomorrow. Does the development and proliferation of thermonuclear weapons mark any human progress? Is "progress" still possible, when the risks and consequences are weighed? Has post-industrial society made life "better?"

Most believe that a typical American has a more leisurely and fulfilled life than our predecessors 20 let alone 50 or 300 years ago. Juliet Schor (1991, 43-44) tells us what we have been suspecting for a long time, that most of us are working harder, longer and deriving less benefit from our labor. Some, however, are deriving benefit at our expense. The world view and economic mechanism of capitalism not only increased toil for all but the privileged few, it also succeeded in dividing formerly common or communal areas into exclusive posessions, ripe for commercial exploitation. Jeremy Rifkin, a leading spokesperson of the new "Green" worldview writes of the enclosure of public commons including land, air and oceans as a leading factor contributing to human, animal and environmental abuse and destruction. (1992, 16)

> In the conventional political framework, the earth is viewed largely interms of enclosed areas and commercial property. Over the course of the past five centuries, humanity has increasingly enclosed sphere after sphere of the global commons, transforming the earth's biosphere inot a lattice work of private

> domains whose value is measured almost exclusively in commercial terms. The land surface of our planet has been divided and subdivided in recent centuries, with nation-states, corporations, and individuals all claiming ownership over bits and pieces of the earth's integrated ecosystem. The oceans have been partially enclosed, with each nation claiming economic sovereignty over 200 miles of ocean extending out from its coast---an area compromising 36% of the high seas.
>
> In this century, the nations of the world enclosed the atmospheric commons, transforming the skies into commercial air corridors,...More recently, the electromagnetic spectrum has been divided up and leased out to service a range of electronic and communications technologies. and now even the gene pool is being commercially enclosed. Legislation has been passed and court decisions rendered in the United States, allowing corporations to patent and own genetically engineered microbes, plants, and animals.

Poverty in Less Developed Countries and the United States

Included within the enclosure of the biosphere are human groups; they are also viewed and treated as commercial assets, incessantly brought into the fold of developed countries through multinational investment. "Foreign aid" has helped wealthy elites to exploit less developed countries which serve as sources of cheap labor and raw materials as well as profitable markets. Foreign aid is in reality a burden for the poor country (Braun, 1991). "The net effect when foreign capital penetrates an underdeveloped country is to freeze it at the existing level More gains become impossible. All benefits now go to foreign firms...(ibid, 38)."

Poverty and oppression persists within our own society. Countless authors have, in recent years, documented the plight of America's underclass (Wilson, 1983), the forgotton Americans (Schwarz and Volgy, 1992) and the middle class casualties of the new economic order (Barlett and Steele, 1992). Class issues such as the need to eliminate economic exploitation and social injustice are very much alive in developed societies and are interconnected with the continuing "War Against Women,"(French, 1992) and the increasing polarization of the races into "Two Nations" (Hacker, 1992)

These conflicting social relationships are linked to the contemporary reality of of an overtaxed ecosystem and the unfortunate possibility of its imminent collapse. We begin out analysis by asking who controls and benefits from productive and exchange relations; which groups are disproportionately poor, the victims of injustice, sexism or racism. Such a focus on equality and empowerment of the masses has a broad historical basis in philosophy, religion and the social sciences. These traditional concerns are linked to the broader and more imminent contemporary need of ecosystem survival. The degradation and abuse of humanity are linked to and caused by the same principles and institutions which threaten the very survival of planet earth. As Rifkin points out (ibid, 7-8):

> A new genre of environmental threats and challenges have arisen in the past several decades that transcend the narrow economic arena within which conventional politics takes place. Global warming, ozone depletion, deforestation, species extinction, desertification, and soil erosion are affecting the very biochemistry of our planet and with it the conditions that dictate the survival of our species and civilization.

Modernity the Rise of Postindustrial Society

Humanity's struggle for daily bread has undergone three dramatic and tumultuous transformations in the past six thousand years. These are the agricultural, industrial and postindustrial revolutions. Each economic revolution, increased production at the same time as it changed the way people related to one another. 10,000 years ago the vast majority of human kind was still engaged in hunting and gathering. Pockets of pastoral (herding) and simple agricultural societies also existed. Raising crops and animal domestication proved to be more reliable and productive than foraging and hunting. Yet, pastoral and horticulture societies were fragmented, relatively small, and in the case of the former, nomadic. The first massive and far reaching transformation in economic, political and social relations occured with agriculture's development, about 6,000 years ago in the river valleys of present day Iraq and Egypt.

Agriculture's solution to the problem of subsistence proved to be a dramatic increase in bounty. This increased bounty was the result of the attachment of draft animals to the plow, enabling land to be more productive. Increases in food production freed a larger percentage of the population than in previous societies to pursue other endeavors, to form states, develop a political, military and religious elite, to create science and the arts, to engage in trade, discovery and the exchange of information. Eventually nation states emerged and with them a hereditary class of nobility. The vast majority in these newly formed nation states were relegated to menial status as peasant farmers or slaves. Agriculture's slow transformation of the world over a period of 7,000 to 8,000 years anticipated, albeit at a snails pace, the rapidity of change during the 200 years of the Industrial Revolution (1750-1950) and the past 40-50 years in which developed societies have entered the post industrial era.

All these transformations contributed to globalization of our planet. Societies and cultures were linked together through trade, commerce and conquest. During the agriculture era Greece and Egypt "globalized" the Mediterranean, while subsequently Rome brought together not only the Mediterranean but the "known" world of Europe and the Middle East. The Industrial Revolution brought into the fold of European dominance the Americas, the Orient and sub-Saharan Africa. By the late 20th century the planet had already been linked together 1,000 times over. Our current post-industrial era compounds the dilemmas of the Industrial Revolution: economic dislocation, family disruption, the squalor of urban slums, increased impoverishment of the masses and greater wealth absorption by the wealthy. These problems are compounded because the pace of change is rapid beyond belief. Since the begining of humanity the world of the grandparent and child were the same; today the world of the older and younger sibling are substantially different. (Rifkin, 1988). To an extent it is impossible to meaningfully relate to time when it is measured in nanoseconds, that is, one millionth of a billionth of a second (ibid). Equally important, as discussed in the above, are the finite limits of development (progress). Old solutions of mass imigration, a new Continent waiting to be exploited, etc. are no longer viable.

Yet the very forces which produced the industrial revolution are still at work, unbridled, driving the engine of nuclear fusion, global communications, bio-technology and forest harvesting among numerous other developmental projects. Contemporary society's uniquely modern characteristic is its dynamic ability to undercut and obliterate traditional customs and institutions on a global scale. Time-honored and sacred according to Roszak (68) is the symbiotic relationship between humans and the ecosystem. Many of us today no longer appreciate human's historical, sacred, connection to the environment. Post-industrial society's values continue to perpetuate expectations of ever faster development with more material abundance; citizens of these societies have been socialized to demand more from their economy. Accordingly, the cornucopia view of nature as a boundless provider of plenty is held by many in both developed and less developed societies. This view provides hope to those masses living in poverty especially within the Third World, yes all deserve to share the table of plenty. However uncontrolled consumerism must be braked.

The opulence of developed post industrial societies like the United States is seductive from the vantagepoint of poor and developing nations. The wasteful consumerism of overdeveloped societies, however, cannot be transported to three or four billion poor people on the planet; the earth simply cannot continue to sustain such consumption according to Roszak (24-25).

> If things continue on this track, within the next decade or two there may be some thirty nations around the world clamoring to enter the era of high industrial affluence. Governments, whether liberal or dictatorial, are discovering that they cannot long hold popwer if they do not make good on their promise to achieve that goal. Meanwhile, the mature industrial economies of the European Common market are readying themselves for a renewed burst of coordinated growth that may surpass the the affluence of America or Japan. The best business brains in the world are hastening to get in on the great European boom. By the time the East Europeans, the Chinese, the Indians and Pakistanis, the Koreans, the Taiwanese, the Brazilians, and a score of other nations reach the standard of living that the American middle-class now enjoys, a higher standard will have been set, and a new round in the economic race will have to be run. Upward and onward toward ever higher levels of production and consumption.
>
> Now here is the hard truth:
>
> Nothing like this may be possible, because nothing like this may be even remotely affordable.
>
> Such an endless frontier of abundance may exist only in the delusionary thinking of people who know nothing of of the biological foundations of life on our planet.

Conclusion - The Place of Military Spending

Developed societies can no longer continue to engage in crass consumerism with its concomitant waste of scarce resources. Rather, all, but especially those in developed societies must begin the long slow process of reevaluating individual, societal and global priorities in keeping with human as well as ecosystem survival. Foremost among the major structural changes is a redirection of nonproductive military spending to productive civilian use. The major powers waste hundreds of billions of dollars on the arms race every year.

The United States alone spent an estimated $8.4 trillion (in 1984) dollars for military purposes beteen 1948 and 1988 (Renner, 1989). Current U. S. military expenditures are on the order of $0.5 trillion per year. This spending harms Amercia in that it takes away money that could be used for productive civilian purposes, while it does not necessarily provide greater security against external attack. The major powers have in recent history initiated a negative leadership role, not only in the procurement of arms but also in the aggressive marketing of armaments to less developed countries which they can scarcely afford. Consequently, per capita income and the general misery index is greatly increased. At the individual human level much pain, suffering and dispair characterize the majority while the elite few continue to benefit through military domination.

Within the United States as more money has flowed to the military under the last three Republican administrations, there have been massive cutbacks in government spending for health, education and social services. Military spending has been one of the main contributors to the ever increasing national debt. By pre-emting investment funds, militry spending has caused a deterioration of vital infrastructure (factories, roads etc. in need of repair, modernization or replacement), has short changed civilian research and development, and has led to a loss of commitment to jobs, quality of life and the larger environment. Its commonly recognized that the military is the largest polluter.

With the demise of the Soviet Union the United States and other developed countries must assume a positive leadership position to de-militrized and thus provide the role model for less developed countries. On a cultural level crass unbridled consumerism must also be directed toward more social and global values which stress community and cooperation rather than the subjugation of weaker societies and the environment through competition and conflict.

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MARKETING INSTITUTIONS IN THE EMERGING DEMOCRACIES OF EASTERN EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES

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MARKETING INSTITUTIONS IN THE EMERGING DEMOCRACIES OF EASTERN EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES

ABSTRACT

The economics of Eastern Europe and the Commonwealth of Independent States are experiencing substantial problems as they attempt to move from a centrally planned to a market based system. Part of the solution is the vertical marketing system and channel captain, two marketing institutions which would provide the distribution infrastructure linking producers and consumers which is presently inadequate. Questions are posed regarding how implementation should be facilitated.

MARKETING INSTITUTIONS IN THE EMERGING DEMOCRACIES OF EASTERN EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES

The key to sustained, long-run economic development in Eastern Europe and the former Soviet Union is Western companies with the skills and capital necessary to establish and direct a vertical marketing system. A vertical marketing system being all organizations and functions in the value-added chain necessary for the delivery of a product or service to consumers. The company which controls this system is called the channel leader or channel captain.

Since the requisite business infrastructure in the form of reliable suppliers, transportation companies, wholesalers and distributors, and financial institution is largely missing in these countries. And, there is no managerial class with the skills in marketing, business strategy or accounting to operate these concerns, a company must be prepared to be completely self-sufficient with respect to infrastructure and management needs and insulate itself from these forces. In fact, Hanley (1993) writing for the Associated Press has recently characterized the former Soviet Union and Eastern Europe as the "Wild West" where "the earnest and honest are crowded by stock manipulators fraudsters, money launderers, check kiters, bribe takers, counterfeiters, would-be Boeskys, and latter-day Rockerfellers." He also reports that Tass has said that 80 percent of Moscow's private shops are controlled by the Russian underground of criminals and corrupt ex officials. Even more reason for self-sufficiency.

Hertzfeld (1991) has identified two further prerequisites for success in these markets. The first is the need for local partners to deal with the bureaucracy and find suppliers and real estate. The second is to take a long-term view toward repatriation of profits. By reinvesting all local currency back into growth of the business convertibility and repatriation issues can be deferred. By becoming self sufficient within a particular currency area the need for hard currency can be minimized.

The concepts of a largely integrated (corporate owned) vertical marketing system and channel leadership are exemplified by McDonalds of Canada in Moscow. That only large well established companies from the West have the wherewithal to put into effect this type of effort is evidenced by McDonalds' $50 million investment in Russia $40 million of this went on its food processing center (unnecessary in its other global operations) which processes dairy, bakery, potato, meat, and liquid products (Montgomery, 1990). To supply this center McDonalds works with farmers, slaughterhouses, and flour mills, albeit without much help from its joint venture partner Moscow City Council. Although the City Council was instrumental in meeting McDonalds real estate needs.

The channel captain, leading a vertical marketing system, represents the best "seed bed" or "multiplier" for the production of managers and entrepreneurs needed in a market economy. Marketing oriented firms such as McDonalds, who are customer driven, can demonstrate at all levels of production and distribution, what are the appropriate levels of product quality and service to meet customer satisfaction goals in a market oriented society. While also providing organizational and technology transfer needs. Critics of this model of economic development for Eastern Europe and the former Soviet Union contend that McDonalds has jumped the gun and that investment should follow, not lead, progress toward a market economy. Also, companies in other types of business having the resources and expertise to duplicate McDonalds are reluctant to follow its lead. For example, Axel Johnson AB, a Swedish conglomerate which controls 17 percent of Sweden's food wholesaling business, and handles between 20 and 40 percent of all trade between Sweden and the former Soviet Union is reported to have been in negotiations with the city of Moscow to run its food distribution system (Reier, 1991). While commanding revenues of $5.6 billion Axel Johnson is not prepared to make any investment until there is "a possibility to make a reasonable risk analysis" says its CEO.

If these marketing institutions are unwilling to invest, particularly in Russia with its nuclear arsenal, should Western governments and international agencies become more involved in ensuring that they do? How then should this be accomplished? Should the aid package for Russia recently approved by the U.S. be used to fund or underwrite U.S. channel captains such as Koger Supermarkets or Sears Roebuck to enter the Russian market? Sears was successful in entering Latin American countries and spurring economic development there (Drucker, 1958). Can or should agencies such as OPIC, the World Bank and the IMF become involved? In what role?

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U.S. HUMAN RIGHTS STRATEGY TOWARDS ~~S~~ THE SOVIET UNION, 1977-1988 AND LESSONS FOR CHINA POLICY

by

Zach Coleman

July 4, 1993

U.S. HUMAN RIGHTS STRATEGY TOWARDS THE SOVIET UNION, 1977-1988 AND LESSONS FOR CHINA POLICY

Today I will be looking at what lessons can be gleaned for US human rights approaches to China from the record of American human rights strategy towards the Soviet Union. To explore this question, I will examine the policy approaches of the Carter and Reagan Administrations. I will attempt to show that the Reagan Administration's approach met with relatively greater success through the use of positive sanctions and multilateral security linkages.

The Carter Administration

Jimmy Carter, after winning the 1976 presidential election, moved quickly to implement his campaign promise to call attention to human rights violations in the Soviet Union by making aggressive use of public statements and symbolic actions. Within a week of his inauguration, the State Department began issuing statements of concern about official harassment of Andrei Sakharov, and arrested Helsinki Watch monitors Alexander Ginzburg and Yuri Orlov.

The Soviets reacted strongly, blasting the Carter Administration for interfering in Soviet internal affairs and warning that bilateral relations would suffer. Meeting with the Soviet Ambassador, Carter emphasized that he did not want to link human rights to other bilateral issues but proceeded to anger the Soviets further by sending a supportive reply to a letter from Sakharov in February 1977.[1]

Surprised by the sharpness of the Soviet reaction and American and European anxiety about upcoming SALT talks, Carter lowered the profile of his human rights campaign. Although he met with exiled dissident Vladimir Bukovsky at the White House in March 1977, Carter declined to be publicly photographed with him. The administration made no comment on the arrest of refusenik spokesman Anatoly Shcharansky.[2]

Amidst this new reticence, Secretary of State Vance traveled to Moscow in March for SALT negotiations, but the Soviets rejected his proposals. Perceptions in the United States that human rights disagreements had "poisoned the atmosphere" of the talks reinforced pressure for a shift toward quiet diplomacy.[3]

While publicly continuing to assail Soviet human rights violations, Carter made fewer references to specific cases after the failure of Vance's mission. As Brzezinski noted in his journal in July, "the Soviet side did take a number of public steps in the area of human rights which aroused American concerns, but we deliberately muted our reactions to avoid further friction."[4]

The sentencing of Yuri Orlov to seven years' imprisonment in May 1978 brought renewed tensions as the State Department deplored the sentence and announced the postponement of a visit to Moscow by HEW Secretary Joseph Califano.[5]

But despite the administration's reaction to the Orlov sentence, the Soviets announced similarly heavy sentences for Shcharansky, Ginzburg and others in June and July. Carter announced the cancellation of several more high-level trips to the Soviet Union, but rejected the suggestion of Senator Henry Jackson that SALT negotiations be suspended.[6]

Vance therefore proceeded to Geneva in July for arms control negotiations with Soviet Foreign Minister Andrei Gromyko. After Vance's return, the administration announced that it would block the sale of a Sperry-Univac computer for use in the Moscow Olympics and would restrict future sales of oil and gas technology. At the same time, the administration deferred decision on licenses for Dresser Industries to export a drill-bit factory and an electron-beam welder to the Soviets.[7]

While the sanctions did not help Orlov or Shcharansky, Roberta Cohen argues that "they may have contributed to the milder punishment meted out to other monitors subsequently tried." In September, in response primarily to progress made resolving emigration cases, the administration lifted the moratorium on high-level trips and approved the sale of $56.5 million in oil and gas equipment.[8]

Although Jewish emigration from the Soviet Union rose each year from 1976 to 1979, Carter made no serious effort to obtain a waiver of the 1974 Jackson-Vanik Amendment's restrictions on the granting of Most Favored Nation (MFN) status to the Soviet Union. Carter actually favored granting a waiver in the context of MFN being extended to China in 1979, but with the backdrop of apparent new Soviet Third World agitation, the battle for congressional approval appeared too daunting. Disappointed, the Soviets began sharply curtailing Jewish emigration in late 1979.[9]

Unlike Nixon and Ford, Carter actively used meetings of the Conference on Security and Cooperation in Europe (CSCE) and the United Nations (UN) Human Rights Commission as forums for advancing concerns about Soviet human rights observance, especially the persecution of Soviet Helsinki monitors. No attempt however was made to link human rights to Helsinki provisions on economic or scientific cooperation.[10]

The stage was set for future linkages with the decision of NATO foreign ministers in December 1979 to tie progress in Helsinki talks on confidence-building measures and disarmament to breakthroughs in human rights.[11]

While the Carter Administration broke new ground with its public human rights diplomacy, the Administration also made use of the more traditional mechanism of quiet diplomacy. In 1979 for example, a US delegate at the United Nations met with the Soviet Minister of Justice and obtained the commutation of the death sentences of two Jewish prisoners.[12]

The Carter effort was hampered by divisions within the government and among its allies abroad. In late 1977, US Ambassador to Moscow Malcolm Toon, "to protect U.S. personnel," curtailed US contact with the Soviet dissident movement by requiring embassy staff to get prior permission before meeting with dissidents. In 1978, after the administration made no effort to enlist allied suppport, the French Government ignored the US sanctions blocking the Sperry-Univac sale and licensed the export of an equivalent computer system.[13]

Overall, the Carter human rights campaign helped in a number of individual cases, provided hope to the dissident movement and coincided with unprecedented Jewish emigration. The Carter effort however produced no structural changes that would secure protection for Soviet human rights, and by the end of Carter's term, the dissident movement had been silenced and emigration was on a steep decline. Myron Rush observes that "Carter's human rights campaign was in fact most effective in focusing world attention on evil Soviet domestic practices," a result useful to the US goal of embarrassing Western European communist parties.[14]

The Reagan Administration

While observers still do not agree on whether Carter was especially lenient or excessively harsh with the Soviets in his global human rights campaign, Ronald Reagan came to office seeing the Soviet Union as the proper primary target of US human rights strategy.

Like Carter, Reagan made wide use of quiet diplomacy, public statements and symbolic acts in his human rights strategy toward the Soviet Union. For example in 1981, after quiet diplomacy had proven ineffectual, the administration issued a statement expressing concern for the health of Andrei Sakharov, then on a hunger strike to secure an exit visa for his daughter-in-law to join her husband in the US. According to Cohen, the statement "no doubt played a role in the Soviet Union's decision" to allow the woman to emigrate.[15]

Reagan's human rights strategy differed most from Carter in the use of linkages. Where Carter had eventually linked human rights to trade, but had sought to avoid connecting human rights to arms control, Reagan took the opposite tack. Reagan's rejection of trade linkages was evidenced most conspicuously in the lifting of the partial grain embargo imposed by Carter in 1980 in reference to Afghanistan and the exiling of Sakharov to Siberia. As Lynne Davidson put it, Reagan's unconditional lifting of the embargo in April 1981 "sent the wrong signal to the Soviet Union at a time of increasing internal repression." The Reagan Administration also resumed phosphate and ammonia sales to the Soviets, approved the sale of tractors and oil-drilling equipment, entered into a five-year grain sales agreement and even debated lifting the Jackson-Vanik amendment, all without reference to Soviet human rights practices.[16]

While continuing the Carter Administration's use of CSCE meetings as forums for international criticism of Soviet human rights violations, the Reagan Administration also utilized the linkage established by NATO in 1979 between security and human rights to draw out Soviet concessions. Looking toward the Stockholm I conference on confidence-building measures, in the 1983 Final Document of the Madrid CSCE Review Conference the Soviets pledged to respect religious freedom, labor rights and free access to foreign diplomatic missions and journalists.[17]

The Vienna CSCE Review Conference began in December 1986 with the United States denouncing the Soviets for dissident Anatoly Marchenko's death in prison. These condemnations may have prompted the Soviets to allow Sakharov to return to Moscow from Siberia.[18]

The Vienna Conference took on a more momentous significance through American manipulation of Soviet eagerness to conclude the conference successfully. At the conclusion of Vienna, the CSCE participants would begin the Stockholm II Conference on disarmament and conventional force reduction. At Stockholm II, the Soviets intended to advance their strategic ideas and appeal to the Western public by promoting acceptance of nuclear-free zones,

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no-first use pledges and limitations on the Strategic Defense Initiative. In the process, the Soviets hoped to chip away at NATO unity.[19]

A second set of incentives emerged from the November 1986 Soviet proposal to hold a Helsinki human rights conference in Moscow in 1991, implicitly to enhance Gorbachev's domestic prestige and his image in the West. Early on, the Reagan Administration made clear that acceptance of this conference would be contingent on Soviet fulfillment of a range of human rights conditions.[20]

In the conference Concluding Document eventually reached in 1989, the Soviets agreed explicitly to recognize the right of individuals to emigrate, to allow free personal communications, to recognize greater freedoms for religious and ethnic groups, and to stop jamming foreign radio broadcasts.[21]

Secretary of State George Shultz had declared at the onset of the conference that Soviet "performance" would be even more important than the wording of the Concluding Document. By the end of 1978, the Soviets had fulfilled this criteria as well, freeing most political prisoners, including all imprisoned Helsinki monitors, and allowing a record 77,000 Jews, Germans, Armenians and Pentecostals to emigrate.[22]

By linking human rights to Helsinki rather than bilateral trade, Reagan essentially lifted his human rights strategy out of domestic and bureaucratic politics. In relying on unilateral economic sanctions, Carter's linkage approach inevitably generated domestic divisions as relatively concentrated interest groups seeking to make deals with the Soviets, such as oil machinery manufacturers and grain farmers, contested the imposition and maintenance of sanctions. According to Brzezinski, battle lines on the linkages question extended into Carter's cabinet, pitting the State and Commerce Departments against the Defense Department and the National Security Council.[23] Utilizing the multilateral CSCE made the Reagan approach dependent on the cooperation of Western allies in constructing linkages, but the shared interest of the Western nations in human rights improvements in Eastern Europe and the Soviet Union proved to be a workable basis for cooperation.

As reflected in the success of the Vienna Conference, the final year of Reagan's term coincided with extraordinary improvements in Soviet human rights conditions. David Shipler wrote in 1989, "Soviet officialdom has become unexpectedly responsive to American suggestions for systemic change, and some officials in Moscow even voice the heresy that American opinion sometimes affects Soviet behavior." Continued Shipler, "the Kremlin has now addressed positively every major human rights grievance on the American agenda, and the vast majority of individual cases cited by American rights campaigners have been resolved under Gorbachev." While recognizing the domestic roots of glasnost and perestroika, Shipler advanced the argument that "the room to pursue [internal] reform requires both an absence of tension with the United States and better access to Western technology," sufficient motivation for the Soviets to address US human rights concerns.[24]

Lessons

In reviewing the record of US human rights approaches to the Soviet Union, several observers insist that public statements about specific Soviet human rights violations were counterproductive and just led to the Soviets cracking down harder.[25] But effectiveness should not be measured so simply. For example, while Carter's denunciations of the sentences given Orlov and Shcharansky may not have helped them, Carter may have thereby benefitted dissidents subsequently tried.

Moreover, public statements were important in making Soviet human rights practices a *public* issue. The need for congressional ratification of arms control agreements led the Soviets to realize the usefulness of appearing trustworthy. In the hope of improving the environment for the ratification of the SALT II treaty, the Soviets allowed increasing numbers of Jews to emigrate in the late 1970s. Again in the lead up to arms control summits with Reagan in 1986 and 1987, the Soviets released a number of high-profile dissidents and loosened up on emigration.[26]

As Shipler suggests, the Soviets also came to understand that better human rights practices would make them appear less threatening, which might then decrease US public support for large-scale military build-ups, and thus slow the costly arms race.

The Chinese Government has not been as concerned with US disarmament or military build-ups as with the possible raising of import barriers to the American market via the denial of MFN status. To convey the image of an improving human rights situation at the appropriate time, the Chinese have usually released significant numbers of political prisoners in the lead up to congressional MFN votes.

Reagan's linkage strategy also differed from Carter's in its emphasis on positive sanctions. Carter's linkage strategy largely centered on negative sanctions, namely the cancellation or postponement of high-level meetings and the suspension of trade deals.

Carter's reliance on trade sanctions likely made little difference because of the relative unimportance of trade to the huge Soviet economy and Soviet aspirations to autarky. Writing in 1985, Raymond Garthoff concluded that "experience confirms that manipulating economic relations has very limited potential for influencing Soviet behavior." In 1987, the US took in just .4 percent of Soviet exports and supplied only 1.6 percent of Soviet imports. Further, after 1971, the Soviet Union consistently ran a trade deficit with the US, undercutting their stake in preserving trade ties.[27]

The structure of US-China trade may offer better prospects for leverage. As of 1991, the US supplied 13 percent of Chinese imports and took in 9 percent of Chinese exports. And in 1990, the US supplied 25 percent of China's imported technologies and supplied 13 percent of the country's received direct foreign investment. Moreover, China has been running a massive trade surplus with the United State which reached over $15 billion in 1992.[28]

As John Garver points out, however, the large Chinese economy has a proven ability to withstand economic sanctions, weathering American-organized isolation in the 1950s, Soviet sanctions in the early 1960s and Western sanctions in 1989. Garver forecasts though that the on-going internationalization of China's economy will make China more vulnerable to economic pressure.[29]

Given the bureaucratic dissension Carter encountered in trying to manipulate the relatively minimal Soviet-American trade ties of the late 1970s, the very magnitude of Sino-American economic ties makes their manipulation an inevitably contentious issue of domestic politics. Thus, Bush's success at sustaining vetoes of congressional attempts to place conditions on China's MFN status owed much to mobilization by wheat exporters and retail industry groups anxious about potential economic losses.[30]

The American relationship with China regarding arms control and disarmament is also much different than it was with the Soviet Union. Where a desire for arms control agreements and avoiding arms races was a major source of Soviet human rights concessions, arms control is far less central to

Sino-American relations. The focus of Chinese military threat perceptions on its neighbors, rather than on the US, largely deprives American policymakers of the type of leverage manipulated by Reagan within Helsinki. China's neighbors might compensate for this lack of leverage at an Asian "Helsinki" Conference.

In Sino-American relations, the primary arms control issue is the desire of each side to restrain arms sales by the other to third parties; arms sales to Taiwan may in this way constitute workable leverage within the range of US policymakers.

The Helsinki process played an important role in establishing linkages between human rights and security and in raising human rights linkages out of US domestic and bureaucratic politics. Where Jimmy Carter's approach had been hampered by excessive unilateralism, "unilateralist" Ronald Reagan showed the benefits of multilateral alliance coordination through the Helsinki process. Now in the context of Clinton Administration thoughts about collective security in Asia, it is worth recalling the achievements of Helsinki in linking security and human rights.

[1] Jimmy Carter, *Keeping Faith: Memoirs of a President* (New York: Bantam Books, 1982), 146, 218; Raymond Garthoff, *Detente and Confrontation: American-Soviet Relations from Nixon to Reagan* (Washington: The Brookings Institution, 1985), 569-72; Jeffrey D. Merritt, "Unilateral Human-Rights Intercession: The American Response to Human-Rights Violations in Brazil, Uganda, and the Soviet Union, 1969-1979," (Ph.D. diss., Columbia University, 1986), 1:495-503.

[2] Merritt, "American Response," 506-9; Garthoff, 570.

[3] Cyrus Vance, *Hard Choices: Critical Years in America's Foreign Policy* (New York: Simon and Schuster, 1983), 54-55; Merritt, "American Response," 532-37.

[4] Zbigniew Brzezinski, *Power and Principle: Memoirs of the National Security Adviser, 1977-1981* (New York: Farrar, Straus and Giroux, 1983), 149, 174; Merritt, "American Response," 515-16.

[5] Merritt, "American Response," 538-47; Garthoff, 610.

[6] Merritt, "American Response," 514, 547-54; Garthoff, 602-12.

[7] Merritt, "American Response," 550-57; Brzezinski, 323.

[8] Roberta Cohen, "The Soviet Union: Human Rights Diplomacy in the Communist Heartland," in *The Diplomacy of Human Rights*, 179-80; Merritt, "American Response," 561-65; *Facts on File*, 29 September 1978, p. 743.

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[9] Brzezinski, 416; Carter, 202; Afron Rees, "The Soviet Union," in *Foreign Policy and Human Rights: Issues and Responses*, ed. R.J. Vincent (Cambridge: Cambridge University Press, 1986), 74.

[10] Merritt, "American Response," 498, 525-26; Myron Rush, "Human Rights in U.S. Policy Toward the Soviet Union," in *Human Rights in Our Time: Essays in Memory of Victor Baras*, ed. Marc F. Plattner (Boulder: Westview Press, 1984), 96-97; James Ring Adams, "From Helsinki to Madrid," in *Human Rights in Our Time*, 113-14.

[11] William Korey, *Human Rights and the Helsinki Accord: Focus on U.S. Policy*, Foreign Policy Association Headline Series No. 264 (New York: Foreign Policy Association, 1983), 43-44.

[12] Cohen, 176-77.

[13] Cohen, 184; Merritt, "American Response," 544, 556; Rees, 77; Garthoff, 570; Lisa L. Martin, *Coercive Cooperation: Explaining Multilateral Economic Sanctions* (Princeton: Princeton University Press, 1992), 199-201.

[14] Rees, 77-78; Cohen, 177; Rush, 99.

[15] Cohen, 178, 184. William Korey states that Sakharov sent a plea to the US delegation at the Madrid CSCE conference, asking them to raise this case as a violation of the Helsinki Final Act, and that the Soviets gave in to Sakharov to preempt discussion of the case at Madrid. Korey, *Helsinki Accord*, 53.

[16] Lynne A. Davidson, "The Tools of Human Rights Diplomacy with Eastern Europe," in *The Diplomacy of Human Rights*, 27-28; Cohen, 180; Daniel C. Kramer, "International Human Rights," in *The Reagan Administration and Human Rights*, ed. Tinsley E. Yarbrough (New York: Praeger, 1985), 240.

[17] Korey, *Helsinki Accord*, 48.

[18] Richard Schifter, "Glasnost--The Dawn of Freedom?" *The Annals of the American Academy of Political Science*, no. 506, "Human Rights Around the World," (November 1989): 89-90.

[19] William Korey, "Helsinki, Human Rights, and the Gorbachev Style," *Ethics and International Affairs* 1 (1987): 129-32; William Korey, "The Vienna Follow-up: Advancing the Helsinki Process," *New Leader*, 6 February 1989, 8.

[20] Korey, "Vienna Follow-up," 8-9.

[21] William Korey, "Light Years Down, Light Years to Go," *Hadassah Magazine*, 1 May 1989, 14; Louise I. Shelley, "Human Rights as an International Issue," *The Annals of the American Academy of Political Science*, no. 506, "Human Rights Around the World" (November 1989): 51.

[22] Korey, "Vienna Follow-up," 8-9; William Korey, "The CSCE and Human Rights: A New Chapter for Helsinki," *New Leader*, 6 August 1990, 12.

[23] Brzezinski, 323-25.

[24] David K. Shipler, "Dateline USSR: On the Human Rights Track," *Foreign Policy*, no. 75 (Summer 1989): 164-65, 181.

[25] George Perkovich, "Soviet Jewry and American Foreign Policy," *World Policy Journal* 5 (Summer 1988): 458, 464; Nicolai N. Petro, *The Predicament of Human Rights: The Carter and Reagan Policies*, American Values Projected Abroad Series, Vol. 5 (Lanham, MD: University Press of America, 1983), 62.

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[27] Garthoff, 1123; Perkovich, 456; Paula Stern, "U.S.-Soviet Trade: The Question of Leverage," *Washington Quarterly*, 12 (Autumn 1989): 191-92.

[28] Technology imports are measured here in terms of contract value. Given that 1990 was only a year after the Tiananmen Incident, the US share of technology imports and foreign direct investment was likely lower than usual that year. International Monetary Fund, *Direction of Trade Statistics Yearbook 1992*, 134-35; *Almanac of China's Foreign Economic Relations and Trade, 1991/1992*, 57, 652-53.

[29] John W. Garver, *Foreign Relations of the People's Republic of China* (Englewood Cliffs: Prentice Hall, 1993), 241.

[30] Robert S. Ross, "National Security, Human Rights, and Domestic Politics: The Bush Administration and China," in *Eagle in a New World: American Grand Strategy in the Post-Cold War Era*, ed. Kenneth A. Oye, Robert J. Lieber and Donald Rothchild (New York: HarperCollins, 1992), 305-6.

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WESTERN ASSISTANCE IN THE DEVELOPMENT OF SERVICES FOR FAMILIES AND CHILDREN IN THE FORMER SOVIET UNION, CENTRAL AND EASTERN EUROPE: PROMISES AND PITFALLS

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WESTERN ASSISTANCE IN THE DEVELOPMENT OF SERVICES FOR FAMILIES AND CHILDREN IN THE FORMER SOVIET UNION, CENTRAL AND EASTERN EUROPE: PROMISES AND PITFALLS

ABSTRACT

This paper discusses the assistance being provided by helping professionals from Western Europe and the US to the nations of Central and Eastern Europe, including the states which made up the former Soviet Union. The need for that help is confirmed. Problems in the provision of that help are identified and solutions suggested. Recommendations are made for the most appropriate and effective forms of Western assistance.

WESTERN ASSISTANCE IN THE DEVELOPMENT OF SERVICES FOR FAMILIES AND CHILDREN IN THE FORMER SOVIET UNION, CENTRAL AND EASTERN EUROPE: PROMISES AND PITFALLS

INTRODUCTION

The nations and peoples of Central and Eastern Europe, including the former Soviet Union are facing unprecedented, and unpredictable changes in their societies and their lives. Such drastic transformations bring opportunities but also stress and uncertainty. Many professionals and scholars from Western Europe and the US have traveled to the region to try to help maximize the opportunities and reduce the risks of change. The experience of these would-be helpers has not always been rewarding and, in the eyes of intended recipients, the assistance has not always lived up to its promise. To try to find out why this may have been so and how to increase the possibility of favorable outcomes, the author will drawn upon his own experience in Romania, Belarus and the Ukraine as well as related endeavors in other parts of the world, the experience others in the region including that reported in the small but growing body of literature on West-East collaborations. There will also be some recommendations for the role of foreign consultants in the development of personal social services in that part of the world.

BACKGROUND

"Glasnost" and "perestroika" and the crumbling of the Berlin wall marked the end of one period of world history and the beginning of another or, at least, that is how this part of the experience of our species on the planet will be understood by many in the Northern Hemisphere. The dawn of this perceived, new age has brought with it high expectations, hopes and dreams particularly in and for Central and Eastern Europe and the former Soviet Union.

Disappointment awaited anyone who anticipated that the dismantling of repressive regimes would somehow automatically or quickly result in the establishment of Western style democracies. As if this were some kind of genetic, societal predisposition awaiting only exposure to the light of truth to spring forth, whole and mature. Instead, we have seen tribal antagonisms of primitive intensity wrecking havoc in much of the region and belying the prior illusion of pluralistic but stable societies. The states of the former "communist bloc" are also having a hard time converting from the stultifying certainty of "command" economies to the opportunities and risks of free markets. It was as if ancient enmities and a near feudal level of development were frozen in a frigid, northern winter three quarters of a century ago, emerging virtually unchanged with the thaw brought on by the end of the cold war.

One of the results of the current turmoil, often referred to with implied optimism as the "transition", is that these nations are finding it difficult to meet the basic needs of their peoples, i.e. for food, shelter, health care, employment. The response of the West to the plight of the region has been impressive and assumes or hopes to assure that the transition will be from the chaos which now prevails to democracy and open economies.

Economic and political development cannot take place without parallel social development (Healy, 1992). To a certain extent there is an apparent recognition of this in the thinking of governments providing assistance and even in the activities of international business interests which are involved in the region. There has been a considerable amount of training and technical assistance, internships and other methods designed to impart both the ways and values of "demokratizatsiya" and "privatizatsiya".

Adequate social welfare provision has been seen as an important part of development in the area (Siegal and Yancey, 1992) although necessary investments in the development of personnel and infrastructure have been uneven and lacking in coordination. Furthermore, in regard to personnel social services (as distinguished from the social insurance and health care provisions of social welfare), which is where much of the expertise of Western human service workers lies, there is little precedent upon which to build.

In such a diverse region it may seem as inappropriate to generalize about the state of social welfare as it is to make sweeping assertions about internal strife (harmony reigns in parts of the region), political history (prior experience with democracy varies) or even the weather (winters can be very mild). Nonetheless, it can be said without fear of contradiction that for a generation or more there was little formal provision anywhere in the region for assistance to those having difficulties in adjustment and functioning, the resolution of which were beyond their own coping capacities and that of whatever other informal resources they could call upon. The most crucial deficiency in terms of the future of these countries is the lack of services for troubled families and children whose vulnerability will markedly increase under the additional stresses of an unstable and unpredictable environment. There are also implications for service in the significant change in traditional values concerning marriage and the family which began even before the onset of the political upheaval. (Imbrogno, 1986)

As can happen in one party states, under the old regimes philosophy and values were treated as fact and the central planning of state socialism and its proper administration were considered all that was necessary to assure the meeting of all needs. No social problems should, therefore, exist. If they did they were either ignored or determined to be the result of deviance which called for measures of social control rather than of social assistance and support.

Among the principle helping professions, psychiatry and psychology were undeveloped compared to their Western counterparts and often manipulated for political purposes (Hornik, 1977). Social work was not without precedent in some countries but was not recognized as a distinct profession after 1945 (Guzzetta, 1986).

Repressive regimes can even inhibit the informal sources of assistance which invariably seem to grow up among those who share misfortune or who have or feel kinship with those who suffer. In Romania the author was told that estimates of those providing information or secret police on the activities of their neighbors and co-workers ran as high as one quarter to one third of the population. One Romanian said that during the dictatorial rule of Ceausecu, "you did not say anything of importance outside your family". This is not an atmosphere in which mutual aid thrives.

PREPARATION

Into this void has flowed an army of Westerners. Most seem to have a healthy balance of personal motives, a genuine desire to help and a belief that they have something to offer. However, their knowledge of the societies in which they are to work is often limited. The suggestion that the region cannot wait for these would-be helpers to gain a thorough understanding of local cultures and institutions will be controversial. Nonetheless, countries which are home to 300 million people and undergoing such fundamental and destabliizing transformations are in need of assistance now. Any risk of cultural or professional "imperialism" must be weighed against the enormity and critical nature of the need.

This is not to say that Westerners should not do everything they can to prepare for their work behind what was once the "iron curtain". There **are** things which prospective helpers can do that will make it more likely that they will approach their work with an open but informed mind and, at least, to be able to recognize when "cultural static" is interfering with communication so that, with their Eastern colleagues, can together search for its origins.

Initial Steps

The first step in considering how and whether or not to get involved in Central and Eastern Europe should be to get in touch with those who are already working there. A number of organizations are trying to keep track of what is going on and who is doing what. The National Association of Social Workers (NASW) along with the International Activities Committee of the Council on Social Work Education (CSWE) have established a clearinghouse on Eastern/Central Europe and the Commonwealth of Independent States, i.e. the former Soviet Union "to facilitate cooperation and collaboration among US social workers in these countries". (NASW Office of Peace and International Affairs).

Established organizations which are international in scope and membership that can provide valuable information about activities in the region are: the International Council on Social Welfare; the International Federation of Social Workers; and, the International Association of Schools of Social Work. Of more interdisciplinary composition are the Global Awareness Society International and the Inter-University Consortium for International Social Development. There are, of course, those agencies of the United Nations such as UNICEF and UNESCO which have a major, direct role in assistance to the area.

All of these organizations have a newsletter and/or journal of some kind. The NASW/CSWE clearinghouse publishes a list of projects throughout Central and Eastern Europe. The British-based International Centre of the National Institute for Social Work is creating a database for those with an interest in international exchange which will include entries for the region. In addition, Citizens' Democracy Corp, which attempts to promote voluntary action to foster democratic institutions and market economies distributes COMPENDIUM: US Nonprofit Assistance to Central and Eastern Europe and the Newly Independent States. The agencies and organizations which will be referred to in the discussion of funding which follows are yet another information resource which, for the most practical of reasons, cannot be overlooked.

If one assiduously pursues the contacts provided by organizations such as these, it will be possible to begin to discern linkages, relationships, connections and to start to make out the professional, institutional, personal and other turf issues which inevitably arise. If you persist in this undertaking you will almost certainly uncover new or isolated and unknown assistance initiatives. You will also indirectly begin to get a sense of the problems and needs of the area.

The issue of need must be investigated more directly as well. Health and welfare statistics can be very useful but may be difficult to obtain and of questionable validity, particularly but not only if they are the products of the old regimes. Political considerations and problems related to reliability and the collection of data are to blame. However, you should be minimally able to trace the broad outline of problems from what you are able to get from official sources. Western technical and professional journals, newspapers and magazines have surprisingly good and current data. These periodicals can be easily accessed through the user friendly data bases which can be found in almost all university and many, large public libraries.

As for official government documents, they can often be obtained from representatives of those governments in Western countries. The author was able to get a just-published report which outlined the plan for the economic and social revitalization of an Eastern European nation from its consulate. The report also made mention of the legal framework and policy parameters of social welfare in that country as well as saying something about the structure of service delivery It is essential to obtain this kind of information. The institutional environment, the ways things are done and the principles and legislation which shape them are very different from those we know in the West.

You may have a pretty good idea from the outset about where you want to go and what you want to do. As you begin to collect information, however, the chances are that you may find other equal or better matches for your talents that fulfill unmet needs. It is important to be open to such discoveries. As you embark on this challenging undertaking the most certain knowledge you will have is of your own capabilities and limitations. Know them well, they will figure heavily in the success or failure of your venture.

Acculturation

Once you have identified where you hope to work, preparation becomes more focused and makes different demands of you. Up to this point (although the distinction between this and the other phases of the work is somewhat artificial) you have been collecting and analyzing facts. As you intensify your study of the culture you will need to identify and test your preconceptions about the society in which you will work and to call upon your empathy and imagination, in addition to your cognitive faculties, to more fully grasp and be ready to experience the "gestalt" into which you will be emersed.

An extended stay in the area of your choosing is, of course the best way to learn about a society and its people. The cost of such a stay is beyond the means of most of us. Work and family commitments also have to be taken into account and although at some point you will have to deal with these issues, it is best not to spend this "capital" until you are certain of what you are going to be doing and have the financial support to do it. There are ways of financing extended stays which can serve as the basis for future efforts, examples of which will be described in the upcoming discussion of funding.

A good place to start your study of the society in question would be with some basic reference material. Unfortunately, not much up-to-date information is available in English and while that will be less and less the case as time goes on, for the present you may be hard pressed to find reliable sources. An exception is the US State Department's "Country Study" series which is available from the Government Printing Office. These books are used to prepare Department employees for new assignments. Each of the volumes in this series offers a fairly comprehensive overview of a particular nation, including its history, government, politics, resources, economy, the religious and ethnic make-up of the population and popular culture. They are revised periodically but even some of the ones which are "dated", when it comes to political changes, contain much that is still applicable. Several Eastern and Central European countries are profiled in this series.

Once again some scientific and scholarly publications and the popular media can be good sources of useful information. However, do not overlook translations of literature, film or other art forms. Even if these works represent a particular point of view, they may be the next best thing to an "in vivo" experience. Through these cultural products you can begin to get a feel for the texture of the society and the psyche of its people.

Of course, there is the possibility of something akin to an in-culture experience in communities of expatriates from the region. Here again there will be bias as well as differences of opinion. Earlier cohorts of emigres, generally arriving as refuges, have had different experiences and can have very different attitudes than those who have come more recently as immigrants. Nevertheless, the emigres can be a great help by clarifying the developing images which you project upon them and their way of life based on your increasing knowledge of the culture.

By far the best way to unlock the mysteries of culture is by learning the language. Few would-be helpers know the languages of the region. Russian comes closest to being the "lingua franca" but its use can be problematic. Czechs, for example, even though they can speak Russian, may not respond to the language of their former oppressors.

Learning any language requires a major commitment of time and effort. Fluency need not be a near term goal and may not be a realistic one. Proficiency, even at the level of being able to handle greetings, polite expressions and to deal with practical necessities such as travel and shopping and social situations can go a long way. It can also help to take the edge off the shock of suddenly being in a world of strange, new sights and sounds. As in most countries, any effort to communicate in the native tongue will be appreciated and acknowledge your willingness to learn and take risks.

There are very good instruction materials available for the languages of Eastern and Central Europe. There are excellent audio tapes which can be used relatively independent of any written text and are ideal for use in automobile tape decks and portable "walkman"-type players. Playing the tapes over and over and, as one language teacher suggested to the author, "just let the sound of the language fall on your ears", will accustom you to its rhythm and patterns at the same time that you acquire a "survival" vocabulary.

Do not underestimate your ability to learn. With even an elementary command of the language it would not be surprising if, for example, after several days of discussing similar subjects you will be able to tell when an interpreter has left something out or is having trouble with the translation.

If you are going to be in another country for an extended period of time, it would be well worth your while to become as fluent as possible before you depart. This is probably best done with a modest but consistent investment over a longer period than in a crash course shortly before you leave when your motivation may be high but there will be numerous other demands on your time.

CONTACT AND ENGAGEMENT

If at all possible, make your initial contacts in Central and Eastern Europe and the former Soviet Union through those whom others (see **Initial Steps**, above) have found to be reliable and effective. Even if you find experienced intermediaries with whom to work, be aware that for these go-betweens, relationships with Westerners can have considerable value in and of themselves without regard to whether your work has concrete results. For the intermediaries, an increase in status and influence among their compatriots usually follows the establishment of a relationship with a Westerner.

These relationships are viewed as routes to good jobs, in economies in which there are few, and to other opportunities. Seen as dependent on more stable, outside sponsors, a position in a collaborative project with foreigners is also perceived as offering a measure of security in what are otherwise still shifting economic and political sands. Furthermore, some locals trying to improve their odds or simply needing the money, take on several jobs at one time, limiting their effectiveness in and loyalty to any one project (Siegal and Yancey, 1992). Although all this should change as it becomes apparent that not every Western contact lives up to its often overestimated promise, for the present, it is a fact of life with which foreigners in the region must deal.

Once you establish contacts of your own with people in local agencies and governments, nurture those relationships. As in many underdeveloped and developing countries with weak or compromised institutions, a relationship with a key individual in the organization is more valuable than a formal agreement with the organization itself.

Getting Central and Eastern Europeans to work together across professional and bureaucratic lines can be trying. With some variation, these societies posses all of the characteristics which Maxwell associates with difficulty in achieving service integration - low levels of trust, relatively high status sensitivity (despite the ethos of classlessness) and poor conflict resolution skills (Maxwell, 1990). Helping them to improve the way in which they deal with these issues in a culturally syntonic manner would be a great contribution about which more will be said later.

PROGRAM DEVELOPMENT

Approaches to program development should follow the classic process of problem identification, data collection and analysis, specification of unmet need, the development of intervention strategies within the limitations of available resources and other constraints, the formation of goals and measurable objectives and determining the cost of implementing the program. This process is second nature to us. It is overwhelming to professionals who have had little input into the planning which currently dictates what they do and have never had to put together a budget. In the region, these functions have been carried out rather distant from the operational level. To the extent that you are going to be dealing with direct service people, you will have to include training in program planning and management as part of your assistance.

When it comes time to consider service alternatives best suited to meeting particular needs, do not disregard models which have proven successful in the West. Great care must be exercised in their adaptation but programs like Alcoholics Anonymous have taken root in the region (Anderson and Hibbs, 1992). Furthermore, the AA experience shows that mutual aid approaches can and should be considered not only because they are effective but because of the continuing gap between resources and need. Again, for sound practice reasons as well as cost, prevention efforts should be encouraged and advocacy in these evolving and incomplete service systems, especially for vulnerable children, is essential.

FUNDING

The need for assistance is staggering and for the foreseeable future, insatiable. Whether or not there will be enough help and whether it is being put to the best purposes remains to be seen. One thing is certain, political and economic development will prevail as funding priorities. Personal social services will be supported to the extent that the problems which these services address impact on those priorities. One might argue that similar dynamics operate in the West but we have greater resources at our disposal. Moreover, the provision of these services is also part of our heritage. And, we have the mechanisms for people to express their will about how public monies are to be spent, mechanisms that have taken over 200 years to mature to their as yet imperfect state.

Nonetheless, there are funds available in the West to enable organizations and individuals to share their expertise in human services with their Eastern colleagues. In the private sector in the US, there are foundations, corporations and a few individual donors which support activities in Eastern and Central Europe. A number of funders have redirected support from other priorities to activities in the region. The Foundation Center publishes a directory of foundations which give overseas. The Directory can be purchased from its New York headquarters or used at the Center's numerous sites throughout the country.

With so many US-based corporations invading the region, there is potential for funding which currently may not be fully realized. There is precedent for corporate giving overseas, although, as in its domestic equivalent, the average grant is rather small (there have been significant exceptions, but they are exceptions). Grants are usually given for projects which benefit their consumer, staff or local constituencies.

Government attention and monies have also been shifted Eastward because of concerns about the possible ramifications of the instability in the region. Unfortunately, not much of that money has been directed toward the development of human services. The Agency for International Development did fund human service-type projects in 1993, through an organization called World Learning, so perhaps things are changing. The United States Information Agency has had several requests for proposals which to varying degrees would be possible sources of funds. USIA also gives individual and institutional Fulbright Awards for teaching and research which can be excellent vehicles for university affiliated personnel to share expertise and advance knowledge in the field. They can also serve as an introduction to the society which could lead to ongoing involvements as was suggested earlier.

Similar funding vehicles are the grants from the Fogarty International Center of the National Institutes of Health, which targets health care issues in the region. The Internal Research and Exchanges Board (IREX), gives several different awards to scholars and professionals with emphasis on the humanities and social sciences.

CONCLUSION

Western assistance in the development of services for families and children in Central and Eastern Europe is necessary and possible and will benefit both the giver and receiver if adequate preparation is made and the fundamental injunction to "first do no harm" is observed.

Foreign assistance can have several important and appropriate roles in the development of personal social services in the region including: advocacy; responding to exceptional, non recurring needs; and, professional and infrastructure formation.

Of necessity much of the foreign support must go to economic and related development. The necessary accompanying social development involves more than creating democratic institutions and training people to function in them. Attention must be paid to more immediate needs of people who do not yet have an effective voice to plead their case and cannot wait for a more participatory form of governance to evolve. Western experts can help keep these needs before those who set policy and allocate resources - there and in the West - which effect the region. They can also use their technical skills to aid in the establishment of information systems which will provide the data which will show the relevance of "micro" problems to macro policy and to help to shape that policy.

The overwhelming nature of some exceptional and non recurring needs may force the countries of Eastern and Central Europe and the former Soviet Union to use scarce resources to meet those needs to the detriment of their embryonic helping systems. The Chernobyl disaster and its social and emotional sequelae is one example of a hopefully exceptional and non recurring need. Another case is the aberrational surge in the population of Romania which had children crowding institutions and living in the streets of that country due to, now abolished, draconian population policies which practically forced families to have more children than they could care for.

In large part because of publicity in the West, Romania seems to be getting help with some of its difficulties from foreign NGO's (non governmental organizations). However, if that interest ebbs, will the Romanians be able to cope with all the children already without homes and still have the money to develop family preservation services and foster care for the kind of troubled families which are found in even the most stable and wealthy societies? If the Ukraine or Belarus have to try to undo all the harm wrought by Chernobyl, will there be the wherewithal left to deal with such things as the adjustment to changing family values which, among other things, may well find expression in family violence?

Foreign assistance would be better utilized if directed toward these unusual and resource-draining problems to free up the local governments and native NGO's to set up the best possible service systems their money can buy to meet the kinds and amounts of needs that could normally be anticipated. At some later point a service system protected from these extreme demands during its formative development would be in a stronger position to address more emergent needs and foreign disengagement could occur with less disruption.

The obstacles to service integration have been mentioned. Western helpers could facilitate the creation of comprehensive and coordinated services making for both better use of what resources are allocated for these purposes and for more effective and user friendly services. The latter will be of especial importance until consumers find their voice and are able to make the system more responsive. To bring this kind of integration about the Western helpers must see their individual efforts as one of many, all of which are pursuing a common goal and trying to find the best way to get there together. They must see there endeavors as works in progress, seeking and being open to the exploration of possible redundancies and gaps as well as to ways of sharing and mutual support. Modeling these behaviors rather than exhortation will be a more certain method of influencing the establishment of an integrated infrastructure.

Something more needs to be asked of those of us who would help. That is, we must put aside our home grown models of the various professions, related disciplines and helping systems and let their local equivalents develop organically from existing helping traditions, other social and cultural forces and from the unique face of need in these societies. Social welfare is the most societally relative of fields, it takes on characteristics and functions unique to its environment, let these societies shape their own versions. Let us especially have faith in the inherent value of each of our particular professions and let us take comfort from their ubiquitous presence around the globe so that we will be able to resist the temptation to impose our forms on those who rely on us to help to guide them through, what is for all, unfamiliar territory.

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The Community Challenge for Inclusion: Changing how we think about one another

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The Community Challenge for Inclusion:
Changing how we think about one another[1]

ABSTRACT

Systems change slowly. Resistance to change is seen in the persistence of old methods of implementing new models. The deinstitutionalization of people with disabilities has been exemplary of just such a process. The tedium of the incremental process is illustrated in a framework that organizes the evolution of this model.

key words: disabilities; inclusion; administrative models; systems change

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The Community Challenge for Inclusion:
Changing how we think about one another

Introduction:

Governments spend inordinate amounts of time and resources addressing the needs of groups of people who have been rejected by society. These populations are usually rejected because of their differences from the mainstream or because of their need for public assistance. Traditionally, programs intended to address the particular groups have been designed to ensure their continued exclusion in ways that provide for their minimal care. We are coming to realize, however, that programs that perpetuate exclusion, i.e. caring for people outside the generic community, is too costly for us to maintain. This paper proposes a model of program development that has demonstrated effectiveness in reclaiming the loss of human resources that has been perpetuated by the exclusionary social programs of the past.

The model of program development discussed here is that which has evolved for people with disabilities in the United States. People with disabilities are society's inconvenience.[2] We have historically been so distressed by them as a group, that we have gladly let governments make the necessary decisions for their collective fate. The revolution for their inclusion has caused government decision making to move with increasing integrity toward ensuring their civil rights and has systematically decentralized the fulcrum of responsibility for successful implementation of these more sensitve policies into the hands of individuals and their local communities.

The History Behind the Inclusion Revolution:

Around the world, laws and practices have provided for the disposal of babies who are visibly disabled and the closeting of those who appear later in life to be non-productive and without intellect due to developmental disabilities. In the 1930s, in the United States, the government created institutions that all too often turned out to be massive hiding places; prisons of abuse and neglect. It started out as an act of kindness to protect the least capable from the risks and hazards of everyday life. Later, we reasoned that it was society that needed the protection from having to deal with those who could not fend for themselves.

Even when we were made aware of the dark side of congregate care facilities, institutions have been sustained because they have proven to be an easy, although expensive, solution for the disabilities problem. But, Institutions are symptomatic of decision making that is irrelevant to the needs of individuals with disabilities.

Three social changes began to occur that caused us to reconsider the institutional concept for people with disabilities: (1) medical technology was saving more lives, many of which were permanently involved with disabling conditions; (2) medical knowledge and advanced technology was also making it possible for all people, including people with disabilities, to live longer; (3) the population increase of the "baby-boom generation" (post World War II births) created such an excessive burden to the service system that many families were forced to keep their children with disabilities at home.

When people with disabilities were kept in institutions, it was easy to think of them categorically as needy of care but not as individuals with feelings, ideas, wants and abilities. The three conditions outlined above meant that the presence of people with disabilities was more evident at every socio-economic level. Increased life-spans burdened a service system that was designed for high mortality rates.

When more parents were forced to keep their children at home, they experienced the same parent-child bonding with disabled children as they did with their other children. This bonding caused them to recognize and appreciate that their child with a disability was just as unique an individual as other children. And, as loving parents are inclined to do for their children, large numbers of families at every socio-economic level demanded their fair share of the community opportunities. They expected a free, fair and equal education with relevant related services for all their children, even those who were disabled.

The Paradigm Shift:

No longer, were institutions a feasible or desireable choice for the majority of people who were involved with disabilities. The factors discussed above are only a few of many that led to dramatic changes in societal values, which encouraged increased sensitivity to human rights and individual dignity. The deinstitutionalization movement was a product of this societal change. This "outmovement" (as it was nick-named) opened up new opportunities and challenges for all people whether disabled or not.

Table I: The Inclusion Model: The Paradigm Shift in Serving People with Disabilities (below) organizes four stages of development that can be traced throughout the outmovement. Four examples of community life (vertical axis) are used to demonstrate the incremental effects of service change (horizontal axis). One of the primary and repetitious themes that is evident throughout this model is the tenacity of the old and familiar practices as each milestone of innovation is initiated. The step-wise progression begins with the traditional bureaucratic structures of top-down decision making that were highly structured and distant from individual need.

In *Stage One: Innovation* there are examples of emerging new ideas which are disadvantaged by old implementation models. For example, when the paradigm is segregation governed by hierarchical management of programs, we find policies and practices that preserve the traditional safety-net. The implication of this for new ideas in employment is a holding on to facility-based structures in the face of more innovative practices that encourage independence in a regular job. Even though the idea of supporting someone with disabling conditions in a regular job had been conceptualized and even operationalized, circumventing funding policies for practices in traditional workshop settings became complex which resulted in hurting both new and old programs. As *Stage Two: Transition* evolved, more people began to understand and believe in the possibilities of the new idea of employing people with disabilities in the work place. Thus, creative efforts were made to decentralize job placements, eliminate the disincentives affecting workshops, and provide the new service without totally removing the safety net. *Stage Three* demonstrates the replacing of the old with the new by moving the safety net into the community which intensifies the need for successful implementation of the new idea. By *Stage Four: Refinement,* the new idea has its own model and components of the old model are used as catalysts to form networks of information and support in the community. The model is fully developed and ready for refinement at this stage. The person with the disability is a more integral part of the community, working and living a more normalized lifestyle.

These trends can be traced in the other aspects of community living listed in the chart, i.e. residential, recreational, and social. Following the chart are more detailed explanations of the implications of bureaucratic resistance to change as is demonstrated in this particular model of program development.

(Table 1 about here)

New Ideas/Old Models:

As people moved back into the community, programs became more individualized. The organizational structures of service systems also had to decentralize. Top-down structures could designate very clear boundaries and categorical policies when they could define a distinct group in a specific location. Decentralizing people made it more difficult to conceptualize and implement top-down organizational practices. The new structure required a new organizational form in order to ensure the success of the innovation. Organizational forms change slowly, however, and in their reticence create barriers to progressive structures.

Reasons for bureaucratic resistance were most often based on well-intentioned cautions. For example, because the outmovement specifically involved people who were vulnerable and unable to live independently, governmental systems made careful and systematic plans for their accommodation and protection in the communities. At first, congregate care remained the prototype and "smaller" institutional settings in the community were established. These settings were an extension of facilities designed for the elderly and infirm, i.e. the nursing home. The rationalizations held that nursing homes housed fewer people than the state institution, nursing homes were located "in the community," and nursing homes had 24-hour medical care. The problems with this reasoning were that nursing home environments still posed all the restraints of congregate care in addressing the unique needs of each individual while housed in large numbers. Considering individual service needs, it has been found that even eight people in a living environment constitutes too many people. Second, although these facilities were placed "in" communities, residents were not out and a part of the activities going on there, and people weren't necessarily placed in the community of "their" choice. Third, although some people with disabilities are medically fragile and their need for medical assistance is more urgent, the health factor is not related to most disabilities to any greater extent than the norm of the general population.[3]

So, here we witness the initiation of a new idea being implemented with the trappings of an old model. In other words, our conceptualization of policies were tied to past assumptions of the institutional frame of reference which restrained the effects of increased independence for the target population. This example typifies the constraints on change that have been evident throughout the deinstitutionalization movement. And, as a result, many services are still irrelevant to the needs of individuals.

Eventually, it became clear that nursing homes were ineffective placements for people with disabilities, regardless of the severity or complexity of their disabling conditions. Progressively, decisions were made that opened the doors to smaller living arrangements that were more like those used by non-disabled persons. Group homes were conceived and operationalized. These provided for small groups of people (8-12) with similar conditions who were placed in residential settings that more resembled homes than hospitals. Yet, the medical model (the most difficult aspect of institutionalization to give up) was brought along. This was evidenced in trying to impose the same federal regulations of the nursing home standard to smaller neighborhood settings, e.g. ranging from structural standards such as eight-foot hallways and steel fire doors to staffing requirements that provided for round-the-clock nursing care. Even though services are becoming increasingly appropriate to achieving the goals of independence for people with disabilities, there are still remnants of the past rendering them irrelevant.

In addition to political resistance, attitudes within the community served to create other barriers to independence for people with disabilities. Zoning battles raged and neighbors to the proposed properties believed that placement of "those" people next door would lower their property values, or because they believed that people with disabilities were a danger to themselves and others. State statutes and finally the enactment of the Federal Fair Housing Ammendments Act, 1988, took precedence over neighborhood discriminations and opened the community door more widely. But, beyond the coercion of the law, it was the people with disabilities who really made the difference because once they were given a chance to stabilize in a neighborhood, they became very good neighbors. Neighbors who initally had been the most resistant often became the most humble when they realized the emptiness of their fears. This was labeled the "NIMBY" (Not in My Back Yard) syndrome and proved to occur nearly everywhere. The NIMBY syndrome exemplifies the trend throughout the progress of this movement that accounts for the tedium and persistence of irrelevant barriers.

Human Transitions:

For people with disabilities, the struggle to overcome barriers to the pursuit of a common lifestyle does not end with getting a job and a home. People with disabilities also need assistance in being included in the social fabric of the community. Integration achieved placing people in the community, but it did not make them an integral part of the social interactions going on there. A new goal had to be conceptualized that ensured the acceptance of interactive relationships by everyone involved. So, "inclusion" was conceived. Inclusion demanded participation in the community. It held out the outrageous expectation that these people, whom we had, in prior generations, thrown away, hidden away, tried to fix, or had taken such good care of, could actually give something of value to the community. They hoped for an authentic sense of belonging that could only be achieved through making a contribution that was valued by people different from themselves, i.e. people without disabilities.

The new paradigm shifted from patronization to participation. Strategically, we moved from taking care of people with disabilities to taking care to recognize their disability as only a part of who they are as individuals with names, addresses, and personalities. These shifts have occurred at every level of society. Federal changes have acknowledged the potential contribution of people with disabilities by building incentives into policies and statutes for people to work while being quasi-dependent on various forms of assistance. The Americans with Disabilities Act (1990) is a long awaited recognition that by accommodating disabilities that people have, we can coincidentally maximize their independence, reduce government intrusion and increase their sense of dignity, which is relevant to individual need.

Programmatically, new models for residential living have emerged. Following the success of group homes, duplexes were sought for people to live in smaller groups while maintaining close proximity for the convenience of the provider agencies. So, three and four people were housed in each side of a two-sided home. These successes led to apartment living wherein a person with a disability could live with one or two other people with disabilities and staff would assist to the extent required by that small group. It was then we discovered how few actually needed constant "care and protection." Which also made it possible to appropriately and adequately provide for those who did need more comprehensive attention. Services were more relevant to individual need.

Living arrangements were only part of the solution. People who could live in the community needed to work in the community. The old model of working collectively in workshops where the work was brought to them and parcelled out as piece work for pennies resulted in simulated work conditions and exploited labor. These were not conditions that made people feel alive. They were consequences of utilizing an archaic concept hanging over from the early days of industrialization where factories used human labor mechanistically without concern for their need for dignity. Again, we moved forward with a new idea while holding on to an old method of implementation, this time resurrecting a work concept that had been abandoned decades earlier for the non-disabled. But, we still held to the irrelevant belief that if you were disabled you were incapable of working along side people who were not.

Low wages were another barrier to independence. Without a decent wage, people with disabilities were still dependent on the public dole, trapped by policies and laws that offered only disincentives to their earning potential. Supplemental Security Income (SSI), for example, provided income assistance until the recipient earned wages at which point they would lose both their financial assistance and their medical benefits which were not always supplanted by their employer. Dorcas Hardy[4] is to be commended highly for her work in reversing these policies and making provisions for people to earn a decent wage while retaining their right to medical care when needed. The enactment of "provisions 1619 a and b" of the Social Security Act are relevant modifications that address the needs of people with disabilities.

A major milestone in community innovation came with the concept of supported employment. Supported employment provides an opportunity for the person with disabilities to work at a "real" job at a "real" job site. The state provides training and on-going support to the individual in competitive employment to ensure their success in the job. The employer benefits by having reduced recruitment and training costs. Individuals with disabilities benefit from standard wages and the pride of being employed.

Supported employment was an impressive leap of faith for the inclusion concept. But, very few people believed that people with severe disabilities could succeed in the work force as was evidenced by the policies that first regulated the implementation of supported employment which again held on to the old concept of congregate workshops. But, there were enough positive outcomes in supported employment efforts that the policies changed to reward the new and change the old. Finally, governmental interventions for people with disabilities are boasting more relevance for the individual than ever before.

The Final Barrier:

The hard lessons of these phases of development have led us to the ultimate refinement and perhaps the most obvious of all realizations. As we have seen, programmatic options, increased support, new laws, and participation in communities can enable independence and all help to break down the public resistance to people with disabilities entering the community, but being included still requires something more. Participation is dependent upon contribution. People NEED to give something of value to others before others will accept them and weave them into the social fabric of their everyday lives. This realization recognizes the expansiveness of the concept of inclusion which has been fraught with resistance and misunderstandings. The ultimate question we ask of inclusion is "how do we make society want to know, associate with, and include people with disabilities into their everyday lives?"

People with disabilities must give something to society. This means that they cannot base their identities on just taking, just being helped, nor on just receiving care and protection. Becoming known as individuals requires the assumption of community responsibility. This responsibility must, indeed, be interactive and mutually reciprocated. People finally find the experience of being alive through fair and equitable participation by contributing to the on-going requirements of community living. True citizenship, like a healthy democracy requires real participation of ALL the people, by ALL the people, and for ALL the people.

Summary and Conclusions:

All of these lessons finally result in the quantum leap of replacing the old with the new. Although not everyone is benefitting from these innovations, service providers are now changing their roles from "caretakers" to "assistants," "agents," "brokers of services," "catalysts" who form networks of informal community support. Employers are being encouraged to hire and retain people with disabilities through recent enactments in laws such as the Civil Rights Restoration Act (1987), the Americans with Disabilities Act (1990), tax advantages, and the discovery of an effective work force. Supported living arrangements are more integrated and in natural settings where clients can make a home with their own rules and natural consequences.

Although the models of inclusion have yet to be implemented on a broad scale, they have proven effective for enough people to justify expanding the model applications. If we are able to claim the effective participation and benefit from contributions of the most difficult strata of society and the most excluded, then there is no reason that the inclusion model and its strategies could not be expanded to other groups. For example, long term support in employment may be effective for the chronically unemployed. Supported living arrangements maximize cooperation of families, neighborhoods, and community resources for people who have traditionally not lived among us. Finally, the return of responsibility, accountability, and contribution as participating community members may reduce abberant and anti-social behavior and allow all citizens to own their community and benefit from being part of solving problems rather than creating or being problems.

People with disabilities are realizing their independence because they have been supported and guided through to a responsible place in their environments. They have been the benefactors of responsibility and are discovering personal identities. With newly found identities, they are participating in meaningful ways in their communities. Someone said that the self-interested ego is not capable of experiencing freedom. They must be the ones searching for meaning. People who are responsible, reciprocating citizens, are the ones who are feeling alive. These are people who have a strong identity and sense of belonging. They are now free to be global citizens.

FOOTNOTES

2. In this paper, when I refer to "people with disabilities," I have in mind those whom we call "mentally retarded," "physically disabled," "the seriously and multiply handicapped." This group includes people with cerebral palsy, autism, head injuries, and the full range of developmental disabilities.

3. Some speculation as to the underlying reasoning behind the tenacity of this presumption includes the possibility that the miracles of medicine may (eventually) be able to "cure" disabilities. This is now referred to as the "fix-it" model. Curing a disability implies the attainment of our collective insistence that everyone should be the same, i.e. not needy of assistance, not different. It followed, then, that people could leave the nursing home (or institution) when they didn't need it anymore, which of course, using this standard, never happened. Applying a peculiar standard for different groups of people is a societal means of dehumanizing the needs of people who are dissimilar to the mainstream.

4. Director of Social Security Administration (1987).

Table 1
The Paradigm Shift in Serving People with Disabilities

	STAGE ONE "INNOVATION"	STAGE TWO "TRANSITION"	STAGE THREE ("REPLACE OLD WITH NEW")	STAGE FOUR ("REFINEMENT")
PARADIGM SHIFTS CONTEXTS	**(NEW IDEA/OLD MODEL)** New integrative policies imposed on existing segregative, top-down structures *(preserving the traditional safety net results in a tendency to rely on the old way of doing things ending in disappointing outcomes in the new practice)*	**CHANGING SERVICE MODELS** Decentralization in motion eliminates structural disincentives while maintaining provider service delivery *(the safety net remains in traditional structures but with enhanced probability of success in new practice)*	**PARADIGM CHANGE** Changed roles; providers become catalysts to form networks of informal community support *(the safety net begins to move to the community with increased successes in independence)*	**RECIPROCITY** True citizenship; community participation requiring the privilege of rights and the call to responsibility *(the community is a safer place and the old structured system is less intrusive in people's lives)*
EMPLOYMENT	OLD: Traditional workshop; facility-based work; top-down structure resulted in benefitting facility to retain client, thus facilitating client failure. NEW: Workers placed in competitive employment sites with job coaches from traditional workshop; employee loyalty to workshop employer NOT to client's new employer.	NEW: Supported employment program; private non-profit facility; reward provider for job placement; critical to client success	NEWER: Employer response for on-going support a. tax advantage b. ADA compliance c. Effective workers	NEWEST: People with disabilities considered valued employees a. long term employees b. employee committed to organizational goals c. team members

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	STAGE ONE "INNOVATION"	STAGE TWO "TRANSITION"	STAGE THREE ("REPLACE OLD WITH NEW")	STAGE FOUR ("REFINEMENT")
RESIDENTIAL	OLD: Institutional; congregate care facilities; segregated settings. NEW: Eight-bed community-based group home a. reduced numbers of people living together, but still under structural disincentives for community participation in groups less than 8 b. zoning battles cause community tension c. unnatural environment of eight people with disabilities living together	OLD: Eight-bed community based group homes NEW: Supported Apartments of three or fewer a. normalized community participation because of staff b. ownership of living space c. full opportunities to activities of daily living	NEWER: Supported living environments a. fully integrated b. natural settings of client choice make home of my own with my own rules and natural consequences c. pride of independent ownership	NEWEST: Contributing community members a. voluntarism b. community responsibility c. participation in community groups
RECREATION	OLD: Separate programs for people with disabilities a. charity b. patronizing attitudes c. disability most prominent characteristic of person NEW: Players with disabilities in same games, in same parks and facilities as other players using generic programs. a. fear of differences b. fear of fragility c. lacking skills to compete with non-disabled kids	NEW: Move specially trained instructors into existing programs a. reduced visibility b. integrative activities c. athletic ability focused	NEWER: Participate equally with technology and strategies that accommodate players with disabilities a. after basic instruction b. join non-handicapped groups c. equalized competition	NEWEST: a. Out-reach to form opportunities for others b. Coach teams c. Participate as community organizers

	STAGE ONE "INNOVATION"	STAGE TWO "TRANSITION"	STAGE THREE ("REPLACE OLD WITH NEW")	STAGE FOUR ("REFINEMENT")
SOCIAL	OLD: In segregated model: a. structured family visits b. contrived integration that limits opportunities for natural interaction with family and friends c. peer tutors in artificially structured environments NEW: In community model: a. natural social gatherings b. visits occur in homes and community settings in integrated groups of people c. fear of differentness makes inclusion difficult at first	NEW: In community model: a. structured family unit b. small numbers promote interaction in community participation c. neighborhood acquaintances in natural settings	NEWER: In least restrictive community model: a. living alone and having normal impromptu visits with family and friends b. natural community membership more interaction c. circle of friends develop acquaintances as friends	NEWEST: In community citizen model: a. participating as responsible family members b. no perceived differences in interactions c. accepting responsibility for friends by helping and assisting others

TOWARD GLOBAL "GATHERINGS"
FROM THE PERSPECTIVE OF AMERICAN INDIANS

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TOWARD GLOBAL "GATHERINGS" FROM THE PERSPECTIVE OF AMERICAN INDIANS

ABSTRACT

American Indian "gatherings" facilitate spiritual healing, re-enactment of tribal ceremonies, acknowledgement of rites of passsage, and promotion of socialization. "Gatherings" honor, celebrate and respect--cultural teachings, one another and life. American Indian cultural values, traditions and beliefs are discussed in this paper, with the hope that the positive teachings and practices of all world cultures may continue to be shared--perhaps in "global gatherings".

TOWARD GLOBAL "GATHERINGS" FROM THE PERSPECTIVE OF AMERICAN INDIANS[1]

"Gatherings" are the substance of American Indian culture and tradition. "Gatherings" are the Indian way to facilitate spiritual healing and to re-enact tribal ceremonies. "Gatherings" are times of celebration--to acknowledge and bless a baby at the time of a "first" smile or laugh (Arthur et al., 1976); to enact the rights of passage from childhood to young adulthood; and to honor a cultural accomplishment of some significance. "Gatherings" today also celebrate modern-day accomplishments such as graduation from high school or college; promotions and special accomplishments of interest and benefit to individual families and tribes. "Gatherings" are the American Indian way of promoting socialization. Social "gatherings" bring together people from a variety of tribal groups and locations to dance, drum, sing and "visit". "Gatherings" are times to honor, celebrate and respect--cultural teachings, one another and life.

It is hoped that readers of this paper will gain a greater appreciation of the complexities of American Indian culture. It is possible that an understanding of these values and traditions may reinforce the positive teachings and practices of all world cultures to the extent that we might unite in "global gatherings" much like that of the American Indian.

American Indian Culture and Values

There are over 500 American Indian tribes in the United States. Each of these tribal groups is distinct and highly individualistic. Many values and beliefs are uniquely applied in each individual tribe. All tribes have their own language, and some tribes continue to speak their Indian language as their first language.

While each tribal group is unique, there are many values that are similar in most American Indian tribes. These values will be explained in some detail as they individually and collectively describe the foundation upon which "gatherings" are based. Prose from American Indian authors will further explain the importance of these values from the perspective of American Indian people. Many of these authors are "Elders." For several years Austin Lyman has worked with Navajo "Elders" in an extended care facility in southern Utah. One of his assignments has been to conduct weekly group sessions with Navajo residents in their Navajo language. Poetry was used as the medium to summarize their "gatherings" and discussions. Poems were composed by Austin Lyman after each group session. Copies of the prose are compiled in individual booklets for each member. Some of their writing will be presented today.

Belief in a Supreme Being and harmony with nature

One of the most important components of American Indian values systems is their **belief in a supreme being and harmony with nature**. This belief promotes the Indian value that everyone should strive to live in harmony with nature and American Indian religious beliefs. A compatible belief is that everything is alive and we are all related.

American Indian religion interweaves its traditions and beliefs throughout daily living practices. A Navajo Indian medicine man, or more accurately a singer, has described Indian religion as follows: "Religion is like a tree with roots and branches which spread everywhere. All things are part of that--...We are meant to live in harmony with the earth, the sun, and the waters. ...If we live in harmony with all these things, there will be no illness. If a man falls ill, he is out of harmony and it must be restored" (Beiser and DeGroat, 1974).

A variety of medicine men and women play important roles for Navajo people. "In Navajo traditional medicine, the functions of diagnosis and treatment belong to two specialists. Diagnosis is done by a hand-trembler or stargazer (sometimes called a crystal gazer). Often the diagnosis arrived at will dictate an elaborate healing ceremony, which is presided over by the singer. Learning the ceremonies, rituals, and chants so that they will be letter-perfect is a long, arduous task, undertaken by few" (Beiser and DeGroat, 1974).

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[1] The terms "American Indian" and "native American" are used interchangeably to refer to the first "native" peoples of the United States of America and their descendants.

According to Navajo Elders in their poetry groups (Lyman, 1991), older traditional Navajo people have a strong belief in the medicine men and women of the Navajo Tribe. They were raised with the medicine man being their only medical practitioner. The medicine man performs many roles. He is often in charge of ceremonial dances and healing 'sings.' He provides the prayers and makes the healing potions. Some words in the Navajo language are known only to the medicine man. They are the old words. They take many years to learn. Becoming a medicine man is a life-long quest. Not every one who wants to can become a medicine person. Those who learn the medicine procedures easily were meant to be medicine men. Those who have a difficult time learning the traditions and practices of medicine men were not meant to practice in this area.

In addition to the medicine men, there are other people in the Navajo tribe who perform spiritual roles. Some people are known as handshakers (sometimes called hand tremblers) or diagnosticians. They are able to answer many questions Navajo people bring to them. Some spiritual people are used as fortune tellers or people who help others find things that are lost. Some people practice evil rituals, and these people are often feared and left alone.

In the olden days, medicine men learned their skills and knowledge from their fathers and grandfathers. They were taken to the mountains and taught about the plants and herbs that are so abundant in nature. They were taught to be observant of the animals' use of nature. They watched the animals in their natural habitat and what they ate or did when they were sick, lame or hurting. Through observation, Navajos became knowledgeable about what aspects of nature could be beneficial to man. Then they used their ingenuity in applying what they had learned from the animals in healing members of their tribe.

It is important to note that a Navajo person's faith is very important to the successful treatment of the Navajo person by a medicine man. Navajo people must believe in the effectiveness of the Navajo medicine in order for the treatment to be successful.

Chief Dan George (1974:69) wrote of the Supreme Being and the importance of prayer to native people in the following: "When I pray, I pray for all living things. When I thank, I thank for everything". And further,

> We all wander through life united by the bond of creation
> and become brothers through gratitude.
> We have much to be thankful for.
> Let each of us talk to the same Supreme Being in his own way. (1974:52)

Appreciation and gratitude

American Indians are grateful for all that they enjoy in this life. They offer prayers expressing appreciation and gratitude for the blessings of nature. They do not waste any of God's creations. They combine these feelings of appreciation with a strong desire to enjoy their lives and all that is given to them. As Chief Dan George said (1974:57), "The young and the old are closest to life. They love every minute dearly".

The Navajo elders in the poetry groups (Egbert-Edwards et al., 1991) reminisced in their discussions about the influence in their lives of appreciation, thanksgiving and prayer. They were counseled to pray and give thanks for food, shelter, livestock–and their minds. These prayers were addressed to the sun, earth, sacred mountains and Supreme Being. They were admonished to listen to their parents and grandparents and give heed to their counsel. From these discussions, the following prose was written:

Navajo Religious Teachings

Get the things you need so you can live.
And pray and give thanks for what you have.

Always be willing to get by the best you can.
Be willing to do a good job at whatever you do.

Avoid the "crazy" things during your life.
Take care of your needs before your wants.

Strive to learn as much as you are able.
Continue to learn even in your old age.

Never lose interest in life regardless of your age.
Act "silly" once in a while so life can be fun.
(Egbert Edwards et al., 1991:50).

The Navajo Elders (Lyman and Edwards, 1991: 84) also reminisced about their culture and the things for which they were grateful in the following.

"I Have Never Got Over Loving . . .

Memories of sheep, cows, horses and family.
The reservation where I was born and raised,
Mother earth which feeds us,
Freedom and the land we once shared.

Being a medicine man and helping people.
The people who asked for my help.

Prayer for it provides for growth.
My husband, my own home, my children and my land.

Hospitality and sharing

Because American Indians believe that everything is provided them by the Supreme Being, they are most hospitable. They enjoy sharing their food and worldly goods. They enjoy their associations with people and look forward to social and religious "gatherings."

Hospitality is an important value of most American Indian tribal groups. Expressions of hospitality often promoted social "gatherings". Food continues to play important roles in American Indian social "gatherings." Not only is food shared at the "gathering", but it is often customary for "left-over" foods to be given to guests to take with them as they leave.

Sharing is particularly important to those tribal groups that maintain strong ties to a "clan" system. According to Navajo Elders (Lyman, 1991), the clan to which a Navajo belongs plays a dominant role in structuring or permitting close relationships. While the mother's clan is passed on to the children on both sides, the father's clan is also important. Navajo people were instructed not to marry within the same clan of their parents. Marrying outside of their parents' clans would promote health in their children. In the beginning, extended famiiies were large in number. Clan members include many parents, brothers, sisters, grandparents, aunts, uncles, and cousins. Genealogy can often be traced from child to parent to grandparents many times removed through family clan names. The clan names were often related to water, salt, or color. They were named after different characters or what people had accomplished. Parents were responsible for telling children the names of their clans. The "Manygoats" clan was so named because of the numerous goats the family possessed. The "Red House" clan lived in a red house. The "Topaha" clan resided near a creek. Other clans of the group members included the "Big Water" clan, the "Water's Edge" clan and the "Black Sheep" clan.

When Navajos meet one another, the first things they ask is "What clan are you? Where are you from?" With such strong clan ties, close proximity of family dwellings, and the importance of social gatherings, sharing was seen as a positive way to reinforce feelings of physical and emotional closeness. Navajo group members composed the following prose to conceptualize their beliefs about the influence of Navajo religion on their sharing behaviors.

Navajo Religion Has Influenced My Life Through Sharing

Mother earth gave all, so all is everyone's.
What I have I share with others.
It has been my guide and gives me direction.

Respect for individuality and solidarity

Each person is accepted as an individual, worthy of respect and autonomy. Children often make individual decisions with little in-put from adults and Elders. When cultural traditions and values were more "in tact", these decisions were influenced by congruent instruction and modeling of tribal values. Tribal members found that what was in their best interests individually was also supportive of group consensus and solidarity. Contributing to the well being of the tribe supported opportunities for greater individuality and personal choice. When American Indian children have been respected as individuals and allowed considerable autonomy, they often develop strong feelings of respect for family members. They choose to behave in culturally acceptable ways.

There are many expectations which are placed upon American Indian people who adhere to traditional beliefs. The importance of supporting the extended family is emphasized. When family members of traditional Indian people are needed at home, to help out with family or extended family concerns, these family members are obligated to return to the Reservation and offer their assistance. In order for many native American cultures to function in accordance with their traditional beliefs, all tribal members must fulfill important and necessary roles. When one does not participate appropriately, there are often feelings of shame and regret. Conflict may occur when people are pulled in many directions at the same time. Providing support for family continues to remain a dominant theme in the lives of traditional American Indian people as expressed in the following prose.

Navajo Religion has Influenced My Life By. . . Respect

Accept things as they are and always have been.
Enjoy life even in old age.
Walk with beauty and obey the laws of the land.

The Navajo way is to help out.
I will always return to the Reservation and help my family.

Acceptance

I accept what is given and make the most of it.
I respect the old for the hard life they live.
Money can always be replaced, but a person can't.
Navajo religion is not just belief but a way of life--
A total socialization of Navajo values.

Responsibility and industriousness

Responsibility is taught in early years. Industriousness is an important value since everyone's contributions are important to the success of the total tribe. Chief Dan George (1974:27) comments repeatedly on our "responsibility" toward Mother Earth in such statements as "The sunlight does not leave its marks on the grass. So we, too, pass silently".

The Navajo group members talked a great deal about what they learned about responsibility in their sheepherding experiences (Lyman and Edwards, 1991:7).

> You get up early with the sheep. You learn to herd the sheep rather than keep them in a corral. You provide adequate water and food for the sheep. You learn to keep a close watch. You put the sheep in a safe place. The coyote has no authority over them when you are herding them. While herding sheep you face, sickness, loco weed, the cold, coyotes stealing and bears in the mountains. There is new birth in the cold weather. You learn to develop a good mind. You learn to face much adversity.

Honesty

It is important to act in accordance with the teachings of the tribe and to avoid bringing shame upon one's self, family, clan or tribe. The Navajo Elders reported that one of the "rules of life they had learned" was to "deal with things up front rather than hide from them" (Lyman and Edwards, 1991).

Chief Dan George (1974:25) expressed his beliefs about honesty and sharing as follows "Of all the teachings we receive this one is the most important: Nothing belongs to you of what there is, of what you take, you must share".

Respectful silence

American Indian people have been taught to respect "silence." They believe that there is much that can be learned from observation. Appreciation of and comfort with silence contributed to attainment of well-developed perceptual abilities among American Indian people. When observation is utilized appropriately, respectful interactions are encouraged. Peaceful and pleasant relationships are enhanced. Silence often denotes respect for someone who is speaking. It is not necessary to repeat statements when one agrees with what has been said. It is also not appropriate to "embarrass" someone by verbally debating that with which one does not agree. Non-verbal messages are often very effective communication skills in conveying agreement or non-agreement. Tribal members are skilled in detecting these subtleties which often escape non-Indian people.

With many Indian people, greetings are accomplished by a "nod" of the head. Some tribal groups tilt the head upward slightly, while others tilt the head toward the person they are greeting and extend their lips or a bottom lip in the direction of that person. Others move a flat hand toward the person they are greeting. Handshakes are used to greet people. Contact with the hand is a brief touch of the fingers, with little pressure applied. Initial conversations are often quiet, slow moving, and accompanied by much surreptitious observation of another person's communication style, and verbal and non-verbal behavior. Excessive eye contact interferes with this "getting acquainted" ritual and would be interpreted as rude and intrusive behavior (Rhoades, 1990).

Chief Dan George (1974:14) has described the learning and spiritual renewal that is achieved through appreciation of silence and utilization of observation skills when he said "Use the heritage of silence to observe others" (p. 19). And further, "You come from a shy race. Ours are the silent ways. We have always done all things in a gentle manner, . . .".

Respect for "elders"

"Many of the old ones know." This is a response from a Navajo Mother to her daughter as the mother tries to explain to the daughter how her Grandmother knows that she will soon die (Miles, 1971). "The old ones know" generally conveys the respect with which American Indian elders are treated by those who also know of the elder's knowledge and wisdom.

Traditionally, older American Indian people were the keepers and teachers of American Indian tribal values and traditions. Because of their knowledge and wisdom, elders earned the respect and admiration of all tribal members. It is not unusual for children, youth, and young adults to address older American Indian people as "grandmother" and "grandfather" regardless of blood ties to the older person. These terms acknowledged the respect for "elders" who, through their life experiences, had acquired much wisdom and knowledge. Older American Indian people traditionally enjoy these roles. It was important to them that their understanding and knowledge were disseminated to all tribal members. Chief Dan George has said it well, "If the very old will remember, the very young will listen" (1974).

The older Navajo group members (Egbert-Edwards, 1991) wanted to share their beliefs and cultural teachings with their youth. They wanted their "grandchildren" to know more about such things as "arrowheads". The Navajo people relate to arrowheads as the 'knife that flies through the air.' There are many important teachings about the arrowhead and its significance to Navajo culture. Arrowheads are representative of strength and protection. They are seen as both male and female. Navajos believe that you need both male and female elements to produce important things in life. Neither one is any good without the other. Arrowheads were used for hunting and survival. They were used in times of war. The importance of the protectiveness of the arrowhead is seen in the fact that a circle of arrowheads is represented on the great seal of the Navajo Nation. Arrowheads were also used as a tool to take medicine from Mother Earth. Some group members recalled that arrowheads were used in Navajo ceremonies and at times of prayer. The arrowhead was seen as a weapon against the evil of the world. A perfect arrowhead was often passed on from the "old ones" and received special blessings to anoint them for ceremonial roles in healing rituals. When the ritual has been performed, the arrowhead is returned to the medicine man.

All of the Navajo elders in the poetry groups had grown up with the expectation that when they were "elders," they would play the important "elders" roles with their family and clan members--roles related to maintenance of their tribal identity, customs and heritage (Egbert-Edwards et al., 1991:52). They felt that they had an emotional tie to their culture that they would like to share these with their young people. They are well versed in the roles of the "elders," as seen in the following prose.

Navajo Elderly Orders

Respect other people and their property.
Stay away from things that can harm you.
Don't just let things go.
That's what the old folks said.

Learn to be responsible.
Straighten your life out.
Do correct things as you go.
That's what the old folks said.

Take care of livestock.
Do not steal.
Take care of your children.

That's what the old folks said.

Chop wood.
Haul the water.
Haul the wood.
That's what the old folks said.

Meet with others so you don't go crazy.
Share what you learn with others.
Make it on your own.
That's what the old folks said.

Knowledge and wisdom

Throughout each of these values is an expectation that American Indians will strive to attain knowledge that will be used wisely in support of positive living experiences for the benefit of one's self, family, clan and tribe. The Navajo elders (Lyman and Edwards, 1989:6 and Egbert-Edwards et al., 1991:50) acknowledged the following as "Elderly Navajo Wisdom":

1. Use the tools that are given to you. Eyes, ears, arms, sun and water. Always strive to grow and develop.
2. Look on each new day as a new beginning. Get up early in the morning. Greet the sun as it comes up.
3. Respect learning. Learn from those who provide the necessities of life (nature and people). Learn from nature instead of fighting her Get out with the sheep and the cattle. Be a part of nature.
4. Take care of the jobs that are given to you. Don't make fun of others less fortunate.
5. Navajos are good at doing what they are told. Don't always just do what you are told. Do what you want to do for a change. Develop yourself as an individual centered with Mother Earth.
6. Be respectful of and courteous to others. Follow the teachings you acquired from your parents and elders. Always respect your elders.
7. Assume responsibility for your own learning. Be responsible for supporting yourself.
8. Toughen yourself. Learn to accept change.
9. Pass on your experiences in Navajo tradition.

Belief in the continuity of life

Many tribes have extensive beliefs and customs that relate to the death of tribal members. Some tribes have well defined rituals accompanied by short mourning periods. Others have mourning expectations that last for considerable periods of time. Some cultural beliefs require the burial of personal belongings to accompany the deceased on the "journey" to the next existence. Memorials are created and observed for deceased family members in some tribal groups. Prose which encourages positive thoughts after the death of a family members are reflected in the following publication from the Weewish Tree magazine along with this notation: "The poem was originally published by Northwest Indian News. Since it first came to the public eye, it has been reprinted many times. We think it has words that make a person think, and therefore we are sharing these words with Weewish readers" (1980:2).

Do Not Stand At My Grave and Weep

Do not stand at my grave and weep.
I am not there; I do not sleep.
I am a thousand winds that blow.
I am the diamond glint on the snow,
I am the sunlight on ripened grain.
I am the gentle autumn rain.
When you wake in the morning hush.
I am the swift, uplifting rush
Of quiet birds in circling flight.
I am the soft starlight at night.
Do not stand at my grave and weep.
I am not there; I do not sleep.

Appreciation of fun and good humor

While Indian culture contains much of a serious nature, there are many opportunities for fun and laughter. Some ceremonials engage well intentioned traditional "clowns" to entertain and appropriately lighten the ceremonial atmosphere. "Tricks" are often played on one another. Humorous stories are retold over and over, but often not in the presence of anyone who would be "embarrassed" by the recounting. "Indian" humor circulates by those with story telling abilities, and often makes fun of stereotypes, the past, current happenings, or friendly rivalries between tribal groups.

Reinforcement of cultural values through story telling

Traditionally, Indian children were not spanked. They were disciplined through instruction of cultural expectations--often at the time of misbehavior.

My children have been taught what we call "Grandma's Yurok Owl Story." And I will have the pleasure of continuing this instruction with my grandchildren on those "rare" occasions when they are "naughty." It is a beautiful, timely story, and because it happened to me, it has particular significance. Let me share it with you. When my brother (by Indian tradition), Lester, and I were young, we spent many summers with our Yurok Grandparents on the Hoopa Reservation in northern California. Grandmother had a washing machine--one of those that operated from a gas-driven motor and made that ever memorable "put-put-put" sound. One "clothes washing day," Lester and I were feeling particularly naughty, and we would "tease" grandmother by touching the wires connected to the motor to the metal of the washing machine, thus causing the machine to "sputter" and "die." Grandmother would have to stop her regular work and re-engage the machine to continue the washing cycle. Shortly after the machine was in motion, Lester and I again touched the wires to the metal and laughed as the washing machine "sputtered" and "died." Grandmother soon tired of our shenanigans, and, in the Yurok tradition, called us to the porch from our secret outdoor hiding place and told us this story.

On the Yurok lands high in the Trinity mountains lives a great, huge owl. Now this owl is so large that its wing tips span at least 40 feet (from wall to wall of Grandmother's home). Late at night this owl flies throughout the Reservation. Yurok children who have been particularly naughty that day are placed out on the back porches of their houses. The owl identifies those children who have been the most naughty of all; picks them up with his huge talons; and places them on small islands in the middle of the Klamath River. And there those children stay! (Now the Klamath River is a fast-moving body of water at the bottom of a hugh "Grand Canyon" like setting).

Needless to say, for the rest of the day, Lester and I were extremely well behaved, and Grandmother was able to finish her washing.

Well, there is more to this story. The next day, Grandmother, Grandfather, Lester and I were traveling through the Reservation in the old pick-up truck on our way to the trading post. My attention was immediately drawn to the Yurok River. I nudged Lester in the ribs and said. "Look, Gram, there are no children at the bottom of that river." But Gram was well prepared, and she said, "Look again. Do you see all those small boulders at the bottom of the River? Those are the naughty children. They stayed there so long, they turned to stone!"

Having never forgotten this story, I am often reminded of the humane disciplinary approaches of our grandparents; and of their effectiveness in teaching values and expected role behavior.

Epilogue

The world has much to learn from the culture and customs of all native people. American Indian people have much that they could share for the benefit and eduction of others. Such sharing may be helpful in "building bridges" and encouraging a global perspective of understanding, acceptance and positive regard of self and others.

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MULTICULTURAL EDUCATION: A HISTORICAL REVIEW

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MULTICULTURAL EDUCATION: A HISTORICAL REVIEW

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This paper briefly examines the development, fluctuations, and growth of multicultural education in a historical perspective. An analytical, critical-evaluative, and phenomenological (one's personal experiences) research methods are utilized to accomplish the task.

As the society's population is rapidly growing into more cultural diversity, so is interest and need in multicultural education. There is an increasing concern that educators are unprepared to deal with culturally diverse students. It seems that the school policy makers are also experiencing difficulties in their decision making process as they carefully consider the fast-growing population of ethnic groups with varied learning styles and distinctive values. Educational reformers and instructional critics emphasize these difficulties that schools are not prepared to address the rapidly increasing number of culturally different students.

Comprehensive reviews of studies on multicultural education demonstrate that for the past decade, demographic realities are changing in the southern, southwestern, and other parts of the United States. Ethnic populations are rising rapidly in the urban, suburban, and rural areas. This is true in most major cities, but especially in California, Texas, New Mexico, and Florida. In several major cities, the "minority" population is outnumbering the "majority" or the "caucasian" population.

> "The size of the non-English-language background population in the United States was thirty million people. The number is expected to increase to 39.5 million by the year 2000. People of Spanish, German, and Italian decent make up the majority of this group... minority populations are soon to be the majority in an increasing number of border and coastal states" (Johnson and Johnsen, 1991).

The United States educational institutions in the past two decades have become extremely diverse. This diversity had a beginning with the new comers from other cultures than the Western European countries. This rapidly growing minority groups of the society are growing because of increased immigration and increasing family size have brought a new clientele to the public schools. Teachers should notice that the ethnic groups are different from those who preceded them because of language and vastly different cultural traditions. The majority of these new comers have come to the United States for a different purpose than those previous comers. "This diverse student population is growing, and educators need to be prepared to meet cultural needs that have never been meet before. These cultural differences can be identified in the family structure of the whole society and the increasing ethnic differences of the populations" (Johnson and Johnsen, 1991).

As educators who train and educate future teachers, we must ask: What are the roles and responsibilities of American schools toward this social and cultural evolution? Are teachers aware of this social-historical reality? To what extent is the school environment suitable for culturally diverse pupils? Are our schools really prepared to educate this kind of population?

How do racial tensions and cultural conflict and unrest in the society (Rodney King's court case and the riot in West Central Los Angeles) relate to the schools' practices, sensitivity, or insensitivity toward multicultural eduction?

Multicultural education, as the term is broadly referred to, means the practices of overall cultural sensitivity in schools, that the schools are to achieve, promote, and instruct cultural understanding by a diversified curriculum, administration, faculty members, staff, library materials, and every other components that promote learning. A multiculturally active and sensitive school also contains a culturally diverse student population that is represented with a fair share body of knowledge of each student's culture. "Multicultural education is access to educational, economical, social, and political opportunities in a democratic society. In an educational context, mulicultural education refers to teaching values, knowledge, and historical realities about other ethnic groups lived and worked in the United States. It is to present the ethnic groups' historical, cultural, political, sociological, economical, and educational contributions that have had impacts on development and growth of our country" (Banks, 1991).

Historically, in the United States, from the colonial times, the educational institutions reinforced the "assimilation" theory to form a culturally and politically unified new nation. Assimilation theory known as the "melting pot" theory in American schools, meaning that, the Anglo-Saxon Protestants, the most powerful group of the time, with a cultural desire to make other ethnic group children like them by instrumentalizing schools and its curriculum. Originally, the term "melting pot" term was borrowed by educators and others from "Israel Zangwill's play, implying that America was a place where every one's old native of homeland tradition, culture, and customs should be left behind, the native languages should be forgotten, and believing that in America ethnic and national differences should be mixed to form a new culture in this new world" (Gorden 1964). The term melting pot also has been variously labeled by others in different academic disciplines such as assimilation, acculturation, socialization, or Anglo-conformity to discuss the American culture until late 1960s and perhaps in some regard to the present day.

Obviously, the practices of the theory was and is strongly supported and implemented by many American teachers, administrators, and political leaders. In the recent 1992 national election, Ross Perot, the independent candidate for the Presidency mentioned that "the pot is broken a part too far...needs someone to glue it together." Another case is that during the beginning of every school year major television networks present documentaries on schools problems and success stories. Usually the documentaries present schools which are reflecting both essentialist educational philosophy (melting pot or assimilation theory) and progressive educational methods (salad bowl theory). Two good examples of these documentaries are Liberating America's Schools (PBS, September 9, 1993, 10 PM), and Revolution in Education: Seven Intelligences (ABC Network, May 7, 1993).

Various small and large ethnic groups have been spread out in different parts of this newly formed American culture establishing and forming their own subcultures. Some of these communities formed their own schools to keep the unique aspects of their culture alive, but the power of the melting pot theory and the influence of predominant group murdered the idea in its conception period by creating a different kind of private and public school. "By 1900, it was estimated that over 200,000 children were being taught in German in public elementary schools, with smaller numbers being taught in Polish, Italian, Norwegian, Spanish, French, Czech, Dutch, and other languages" (Nieto, 1990).

Another example of such a resistance toward the practices of the assimilation theory was the creation of little towns and communities in different parts of the country with ethnic groups: Little Italy, Chinatown, Harlem, and German Town, that either these ethnic groups rejected to become culturally as part of the Anglo-Comformitist groups or ideally they wanted their own little community to reflect nobleness of their culture" (Gollnick and Chin, 1990).

Certainly, this effort did not get out of border of the small communities and did not have any impact on the country's educational system, its philosophy, and practices on national scale. However, on national level, the reinforcement of assimilation theory and the melting pot idea continued its penetrations and influences in schools and forcefully promoted throughout the society until the 1970s. The John F. Kennedy and Lindon B. Johnson's ideas of creation of just society through new social and economic programs such as the Head Start, welfare programs, the Peace Corps to reinforce equality and quality education and job for those who were ignored for many years. Johnson called it creation of the "Great Society" providing equal opportunities for all Americans. (Kierstead and Wagner JR, 1993).

David E. Washburn in his national study of multicultural education programs in American schools feels that the practices of melting pot theory and implementation of cultural pluralism in a unique way stating, "clearly, as is true with the melting pot" ideology, we have not actualized an ideal form of cultural pluralism. What does exist in our country is a society which is, by and large, segregated along lines of color and culture" (David E. Washburn, 1972).

Also it seems that educational institution have been a place to manipulate and promote what was right for the powerful group of that time, to do so most schools played the role of traditional religious institution for children particularly in private schools. For a long period of time education and religion were not separated thus the church played a very strong role of keeping the Western Europe culture alive.

It was not until as early as 1915 that a few philosophers and writers began to question the validity of assimilation theories. They described a possibility of a nation in which the various ethnic groups would preserve their identities and cultures within an American culture. This was based on the observation that the poor have became poorer and the wealthy grew richer by having access to better private and prep schools leading to better family and life conditions. To many educators this development did not look right, particularly, for a country which was going to be the leader and role model in establishing and promoting genuine democracy and freedom. This way of thinking and writing started paving the way for the questioning the system and thinking about creation of new alternatives.

The development of "Intercultural Education" course of studies at the beginning of the 20th century was another new educational phenomena which contained and promoted some degree of cultural understanding. This event speeded up the formation and gradual evolution of multicultural education concept indirectly. Because of this new educational movement America started to show some sensitivity toward other cultures than its own. "In 1920s some educators promoted intercultural education. The focus was on international education with roots in the pacifist movement. Others believed that intercultural education would help develop more tolerant and accepting attitudes toward recent immigrants" (Grant, 1989). This trend continued during 1940s "...appearance of some support for "intercultural education may had some degrees of influence on the idea of multiculturalism. According to Grant, 1947 support for intercultural education did not completely disappear" (Grant, 1989). By 1947 its advocates emphasized overcoming prejudice and discrimination against racial and ethnic groups. During this period, several national organizations supported intercultural and intergroup education" (Cole and Cole, 1990).

As mentioned earlier, international education which started its development during 1930s was another factor forming the foundation, as a new academic movement leading to the formation and faster growth of multicultural education in 1960s and 1970s. "In 1933 the Service Bureau for International Education began to develop ethnic studies materials, conduct in-service programs for teachers, and offer school assemblies to raise the consciousness about ethnic" (Grants, 1964). However, these efforts never reached national prominence and were usually abandoned by school districts after a few years..." (Montalto, 1978).

During 1930s and 1940s, the strong support for progressive education movement mainly formed and practiced by John Dewey's philosophical idea of Pragmatism was another influential factor paving the way for the development and evolution of multicultural education. In a broad sense, Dewey's ideal educational philosophy was created to make school function in a democratic society and for advancement of democracy in the society. It seems that he understood the pluralistic nature of the society. Thus, he thought that the country needed to have a new faith, new education goal, or scientific religion (problem solving based educational philosophy) to function democratically.

But it seems that over years, the influence of the melting pot theory was so strongly implemented in our schools in particular and into the society at large that even the two educational movements of 1930s and 1940s: the free school idea (open education) brought to the United States from England (A. S. Neill's Existentialist Summerhill school established in 1921) and the progressive educational movements of John Dewey in the United States had a slight impact on the ways schooling and educational institutions functioned for past fifty years. John Dewey declared that American culture needed restructuring to meet the needs of the future" (Dewey, 1929). In Dewey's pragmatist philosophy, purely an American educational philosophy, a unified thought and goal is envisioned for our schools on both levels, local and national, so the newly established democracy not only can survive but functions more efficiently to benefit all citizen from all cultures. He envisioned a society of thinkers and problem solvers who can function in a culturally diverged democratic environment. A society which has to learn to live and work in and with "Democracy" and recognizing that this "Democracy" was established in pluralist society. A society of immigrants and ethnic groups, a society which has logical understanding and human sensitivity not only toward those who are in it but the new comers too. "Education enables individuals to come into full possession of all their powers" (Dewey, 1951). Thus, through practices of multicultural education teachers can help the make this dream become reality and children of ethnic groups can have a fair share of educational opportunity leading into the possession of political and economic power and opportunities later in life.

Prior to 1978, the entry multicultural education was not even listed in the education index, which indicates that few articles in pedagogical journals were being written about this topic.(Tiedt, 1990).

However, during late 1960s and early 1970s the story of the melting pot theory are told much differently. Acknowledging that the melting pot and assimilation theory was not working. human rights and educators recognized that a new and workable paradigm was needed if the nation wants its democracy to survive and prosper. In the 1960s, "the civil rights movement emerged and fought to reduce the exclusion of minority groups. Emphasis shifted (in some interpretations) from the melting pot's stress on uniformity to a stress on diversity and cultural pluralism. In place of metaphors, such as a "tossed salad" or "mosaic," that allow or require maintenance of distinctive group characteristics within a large whole" (Ornstein and Levine, 1987). Thus, mulicultural education in a theoretical and practical form started to open its ways in some American Schools. The practices of Bilingual Education Act reinforced this process. "multicultural education was as a product of 1960s Civil Rights movement on one hand, the emergence of Bilingual Education Act of 1968, as well as the influences of progressive education movement" (P.L. 194-244).

The Act provided federal funding to those states with large numbers of non-English speaking students to develop and maintain bilingual programs, provided needed materials and equipment, and develop pre-service teacher training. The trend continued in the Supreme Court ruling, Lau v. Nichols (483 F 2d 9th Cir., 1973), which stated that schools must help students who "are certain to find their classroom experiences wholly incomprehensible" because they do not understand English. And in the same year, the Denver school system was required by the court in Keyes v. School District No. 1, Denver (414 US 883, 1973) to develop a pilot bilingual-bicultural program.

The 1970s also might be considered as the period of uniqueness and new change in the history of American education as officially multicultural education was born. The Afro-Americans, Native Americans, Asian Americans, Spanish Americans, and other ethnic groups as well as women started demanding political power and the reinforcement of their civil rights, and strong request of the schools that the curriculum must reflect their history and other contributions of theses ethnic groups to American society. Thus, the concept and practices of cultural diversity gradually replaced the assimilation and melting pot theories. Cultural differences emphasized the unique strength and positive contribution of numerous cultures in enhancing the quality of education in schools. The appearance and gradual practice of this new cultural theory, multiculturalism or salad bowl concept, were seen and implemented in some schools with the emphasis not only on the child's culture, but the child's way of learning and playing.

Subsequently, some schools and universities started to pay attention to the importance and advantages ethnic cultures, special related cultural events, and celebration of cultural holidays. Several alternative courses and classes on multicultural education were developed. This lead to the development of the ethnic studies in prestigious universities which included most major minority groups including women's studies. At first the focus of multicultural education was on ethnic groups, but by the end of seventies and the beginning of the eighties separate desegregation centers had been established for race, sex, and language groups. During the same period multicultural education was given stronger support and consequently the Ethnic Heritage Act was passed in 1972 which supported the development of curriculum materials for different ethnic groups. The women's studies programs also were being established by the mid 1970s. Participants in the ethnic and women's studies programs were primarily members of the groups being studied. The federal and state governments officially became involved and strongly supported multicultural education practices providing grant money for development and promotion of mulicultural and bilingual education in American schools. The Affirmative Action laws (1972) also paved the way for the federal, state, and local government agencies to make public schools reflect the community in terms of hiring numbers of minorities for different positions (Johnson and Johnsen, 1991). Thus, by the late 1970s and early 1980s multicultural education became the educational strategy for addressing cultural pluralism and equality in schooling and educational opportunities.

During 1980s and 1990s a major force on practices of mulicultural education was the NCATE. Standards listed in 1978 by the National Council for Accreditation of Teacher Education (NCATE) include multicultural education so that teacher education programs are now examined to see that multicultural education practices are present in class syllabi. (Tiedt, 1990) In the 1990's NCATE evaluation of our education program, I was one of the faculty members selected to be questioned on the practices of multicultural education. The evaluator asked me "How do I incorporate multicultural education in my two courses, Social Foundations of Education and Major Philosophies in Education?" After my explanation of the way I include multiculturalism in these two courses by lecture, discussion, and activities on six to eight different cultures, she asked for copies of my syllabi that she could take it with her not only for the NCATE documentation but for herself to adapt some of my approaches in teaching multicultural education. NCATE reports on the implementation of multicultural education across the country, it indicated that many programs either are not including multiculturalism or they are not paying attention to the practices of multiculturalism seriously. (NCATE Report, 1991).

However, by the 1990s much of the federal support for the extension of civil rights in education had been eroded. Support for ethnic heritage studies was withdrawn in the early 1980s and legislation related to race, sex and language equity has been revised so that it is no longer as proactive. (Grant, 1989, p. 218).

One should keep in mind that despite all the pessimistic view on the practicality of multicultural education, "there is little doubt that concern with multicultural education reflects a healthy recognition that systematic steps must be taken to ensure positive intergroup relationships and provide more effective educational opportunities for all groups of students in multiethnic society. As in the case of desegregation and compensatory education, educators will disagree among themselves on just what steps should be taken to provide all students with more effective education. However, concern for attaining the goal of equal opportunity will continue as a prominent theme in U.S. education. (Ornistine and Levine, 1993).

The discussions of learning styles and culture, individualized instruction, cooperative learning, whole language, active learning, critical thinking, etc. was taking place in colleges of education in educational writings. However, one should not overlook the existence, formation, and population growth of some ethnic groups in different parts of the country and their resistance toward the rejection and criticism of practices of assimilation theory by the white majority population.

Multicultural education in 1990s has become an important national issues educationally and politically. President "Bill" Clinton during his campaign expressed many times that, "we need to promote unity and cohesion not division and separations among our people"..."The government must reflect the society's diverse population." One might ask, where would be the best possible place to start planting the seeds of cultural sensitivity and cultural fairness that may promote the President's idea of national unity through cultural understanding? The simple as well as complex answers are: The American school, where the American children spending most of their time and since the schools are the only institution that the young Americans get together to learn, play, socialize, and play sports and music together for a long period of the time. The second best possible place to promote the President's idea is the government institutions which have increased the number of minorities in the.

At the present time, the discussion of a strong need for multicultural practices is taking places every where, and the supporters are saying that multiculural education is a must-be-done part of the schools total curriculum. It must not be considered just as a luxury item for professional presentations and a discussion item of academicians. Some educators have gone much further than only emphasizing the practicing multiculural education for cultural understanding, but saying that, "practices of multicultural education does much more than just the promotion of cultural sensitivity and to understand of one's culture, it enhances and adds a great deal to the general quality of education of all students, promotes complex thinking ability, adds excitement to learning process, and bring diversity in teaching styles, methods, and subjects." With the practices of multiculturalism, the classroom environment would become a warm, interesting, humane, and likeable place for all students of all cultures.

One should notice that all of these old and new concepts such as: across curriculum, progressive educational philosophy or movement, whole language approach, cooperative learning and so on have their foundations in the free education philosophy and Dewey's experimentalist philosophy, if one as a teacher studies the last one in its theoretical and practical forms, he or she would implements mulicultural in all subject. Multiculturalism adds excitement and new knowledge to teaching and learning, and promotes cultural sensitivity. Another way of viewing the advantages of mulicultural education practices is that, we must recognize that, if we see schools are not able to function properly, it means economically we are not getting what our money's worth in school, and certainly the absence of multicultural education is one the important factors in this process.

Importantly, if we seriously are concerned about cultural sensitivity, knowledge, and social justice, just creating a course in multicultural education, lecturing a class on cultural sensitivity, a few workshops, and attending a conference is not going to do the important task.

A profound long-term commitment and grassroots change of attitude, thinking, and conduct is necessary to take place in our schools for multiculturalism to happen. As statistics reveal, the population is growing faster than ever. We need to practice multicultural education much more and practice it differently in a very practical and active way. Not only it must become an integral part of any curriculum, but it must start from national educational and political leadership from highest to the lowest level of local, state, and federal government. Otherwise, the nation may witness many cases with a much broader scope similar to the Rodeny King incident.

For a long period of time "the glory of America, however, was denied to many who lived here. Those whose appearance and cultural traits set them apart found that they were excluded from the benefits of being American." (Scotter, 1989). This must not take place any more in a democracy such as ours. As Nieto points out, "the history of multicultural education is the history of the United States and one must recognize that without the contributions of many ethnic groups we would not have this great country" (Nieto, 1989).

Many educators, reformists, political leaders, business leaders, have stated on many occasions, the educational institutions in our society must actively reflect the long-lasting cultural reality of the nation. Our society from its start and by nature was a culturally pluralistic and it will continued to be. This reality can not be ignored, and must not be overlooked, if we want to prevent the occurrence of such a event as the Rodney King incident in E. L. A. riot in the other parts of the country.

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TRANSLATION AND MACHINE TRANSLATION: PRACTICAL APPLICATIONS FOR LANGUAGE FOR SPECIAL USE

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TRANSLATION AND MACHINE TRANSLATION: PRACTICAL APPLICATIONS FOR LANGUAGE FOR SPECIAL USE

ABSTRACT: Machine translation since 1945 reflects periods of optimism, disillusion, quiet realism, and practical development. Rapid technological advances provide challenges for fast, accurate international communication and standards to meet changing needs. Vitally absent are systems for preparing skilled world language personnel able to provide access to information developed throughout the globe. These matters and possible ways to structure programs for achieving this are discussed herein.

TRANSLATION AND MACHINE TRANSLATION: PRACTICAL APPLICATIONS FOR LANGUAGE FOR SPECIAL USE

Introduction

The awareness level concerning translation and interpretation by the general public in the United States, let alone by the language profession itself, has been quite low until recent times. This is attributable to the fact that the United States has been a country in which foreign or second languages have held very little prestige or motivation for potential learners. In the 20th century the needs became apparent "during World War I by non-French speaking nations as they entered the multilingual international arena." (de Jongh, 1992:2) Following World War II, the international demands made by the United Nations and at the Nuremberg Trials for both translation and interpretation focused attention on the importance of language. As de Jongh points out, "the first generation of European interpreters and translators were individuals of exceptional intellectual, cultural and academic backgrounds. The stakes were high, and a high level of performance became--from the beginning--the norm for the profession." (de Jongh, p. 2) In the United States, on the other hand, it is not uncommon in many states which are largely unfamiliar with the problem to allow individuals with unspecified degrees of bilingual skills to perform these operations, often to the detriment of those for whom they may be serving as an advocate. This is not uncommon in the courts and is still denied by the business profession as a whole who seem unconvinced of the necessity to speak and understand in the language of their customers. (Fixman, 1990; Lambert & Moore, 1990). There is a tremendous need for the development of an awareness level concerning the benefits to be gained from access to information available in other world languages for scientists, technologists, engineers, agriculturalists, administrators, industrialists, business persons, lawyers, medical personnel, librarians, and teachers. The sheer explosion of accessible information and the development of channels to reach that information will force the need for translators beyond the capabilities which any existing system can produce. The answer is to seek a framework which will provide greater accessibility and facility in translation of this data into a form usable by the consumer, in whatever field that may be. Many feel that recent developments in machine translation provide a partial solution to the dilemma.

History of Machine Translation

1945-1955

Machine translation had its birth during and immediately following the Second World War. In 1946-1947, Warren Weaver, at that time vice-president of the Rockefeller Foundation, and Andrew D. Booth, a Nuffield Fellow in Physics working with J.D. Bernal at the University of London, initiated the first serious discussions of the possibilities for machine translation. (Hutchings, 1986:26) Digital computers and communication theory blended in universities to provide optimism during a ten year period from 1945 to 1955. In the United States, most of the work during this period was done at Georgetown and MIT. The first conference on MT was held at MIT in 1952. Hutchins points out that even then many of the principal sources of interest were from "electronic engineering and computing, linguistics, librarianship and information science, military and governmental bodies." (Hutchins, 1986:34) The forum expanded to a 1954 demonstration of the Georgetown-IBM experiment dealing with Russian to English translation. By 1956, an international conference at MIT brought together individuals from the US, Great Britain, Canada and the Soviet Union.

1955-1965

A second period in machine translation lasted a decade from 1955-1965. It began with great optimism over MT and ended in disillusion embodied in a report by the Automatic Language Processing Advisory Committee (ALPAC) formed by the National Academy of Sciences. According to Hutchins, "(T)he committee undertook studies of the existing demand, supply, and costs of translations, the demand and availability of translators, and evaluation of some MT output, and the costs of postediting." (Hutchins, 1986:165). Since post-editing was seen as a shortcoming, ALPAC concluded that the experiments were a failure. Although the ALPAC report itself was criticized, the result was a damaged view of MT in general. While the report did call attention to unrealistic projects and unnecessary expenditures, the impact was to reduce credibility in this as an area of research. The fact that so much work was done on Russian-English language translation is symptomatic of the Cold War period. The emphasis on structural linguistics at the time showed little interest in syntax or semantics and the emergence of interest in the transformational grammar of Chomsky could not yet be handled by the technology. At this point in time, MT seemed to be an overpriced waste of time.

1966-1975

The next decade from 1966 to 1975 represented a quieter period of time in MT research and development. The United States continued to focus on the Cold War needs for Russian scientific materials while Canada focused on the needs of French-speaking/English-speaking projects. Europe began its move toward the European Community and saw the continued emergence of translation needs in science, technology, engineering, medicine, international business as well as administrative, legal, and technical documents. If anything had happened, a more realistic, practical tenor began to characterize the projects of this time. The sheer horror of the imperfection of the machine translation was replaced by more pragmatic solutions to real problems. Different approaches to MT emerged at this time. Hutchins (1986:175-178) refers to four different developments all of which continue to have an impact on MT development and use:

1) **Direct translation systems** process uninterrupted from one language to another. Logos Corporation translated aircraft manuals from English into Vietnamese for military reasons. Currently the Pan American Health Organization (PAHO) has a system which translates directly from English to Spanish and vice versa. Systran is modular version of a direct translation system.

2) **Indirect translation systems** were developed by the Centre d'etudes de la Traduction Automatique (CETA) in Grenoble, in Moscow, and at the Linguistics Research Center at the University of Texas at Austin in German-English. All were examples based on Chomsky's analysis of language and an analysis of the deep structure.

3) **Artificial intelligence systems** inspired semantic-based approaches to MT. Research in English-French by Wilks at Stanford University showed the way toward analysis of semantic features rather than just analysis of grammar/syntax. It probes to the level of understanding not dealt with in other approaches which is the cause for so much criticism by translators and users. Recent developments are at Georgia Institute of Technology on Eukranian-English and Colgate University (TRANSLATOR)for four languages, English, Spanish, Russian, and Japanese.

4) **Interactive systems** assume that it is utterly impossible to go from one language to another without some type of collaboration between man and a system. Much as interactive learning systems now allow students to determine the process of their learning, interactive translation systems permit the translator to intervene at different stages of the translation with amounts and locations varying depending on the system.

1975-1990

In 1982 EUROTRA became an independently funded project of the European Commission. Their task was to complete a practical operational system for working within the European Community with Danish, Dutch, English, French, German, Greek, Italian, Spanish, and Portuguese. Interestingly enough, while the project is multinational, it is seen that even within national borders it is sometimes difficult to reach an acceptable political agreement as to where the research center should be located. This project, none the less, has indicated the direction of future research in the area of MT because of the complexity of the organization and its international dimensions.

Another interesting development is the Distributed Language Translation (DLT) system developed by Toon Witkam of the Utrecht in the Netherlands using Esperanto as an interlanguage between two other natural languages. Since it is uses a purely interlingua as the mediary, it would seem to bear interesting possibilities.

Translation and Communication

The 1990's

All of us are constantly reminded of the changes in communication technology which are facing us daily in the office, in our homes, and in all facets of our lives. Those who have worked in language instruction directed toward special purposes realize how the communication of letters and documentation has changed over the past decade with the advent of electronic mail, fax messages, cellular phone technology and the like. At least three areas are impacting at the same time according to Medcraft (1985:33-37). First, the technology for fast and accurate transmission of message, both visual and aural has taken giant leaps forward and is taking them as we speak. It is simpler for co-workers to communicate with colleagues in other countries than it is with individuals in the next building on their own campus if their building is not appropriately wired. Those with access through INTERNETor BITNETare able to communicate effectively and quickly while the cost of phones precludes some faculty members from calling long distance within a state. Secondly, the standards and appropriate procedures for accessing these communication systems need to be established. Once again the interests of governments or private enterprises is complicated by the disintegration of existing governments into smaller or different boundaries. This problem is further complicated by the increasing web of global enterprises (international firms, multinational firms, transnational firms, and supranational firms) which create new growth enterprises in international law and diplomacy. The European Community has forged a prototype for other international common markets in North America, South America and other regions of the world. Selection of a non-metric system has always placed the English system outside of the mainstream of the rest of the globe. Willthe selection of an inappropriate standard for high resolution image transmission limita country or a region to world insularity? What is appropriate or inappropriate for transmission from one cultural area of the world to another? What is the common band of tolerance in the moral or ethical fiber of communicating countries? As we struggle in our public schools over the appropriate or inappropriate use of materials for curricular inclusion concerning social matters, we shutter to think of the complications of multicultural transmission of communications across national or community boundaries. The issues of public and private domain become quite controversial as we deal with patent rights and intellectual property. A third area which impacts on developments in the area of international telecommunications is the area of changing needs and requirements by the consumer or the user of the products or services. While a word processor is needed today to prepare materials for classes or conferences such as this, a much more sophisticated instrument may be necessary to receive student work in the very near future. As our delivery capability improves and the standards become more acceptable across boundaries, the need to individualize the product or service to meet the need of the customer or user becomes even greater as well. One change begets another, begets another, and so on in a never ending spiral of change and development. Applications of voice recognition through spectrographic analysis become realities which eliminate the need for the written signature on a document.

Translation/Interpretation

According to de Jongh (1992:35), "translation generally refers to the transfer of thoughts and ideas from one language to another by means of the written word." Interpretation refers to the processing of oral language. When machines intervene in the process, the most common term has been "machine translation", abbreviated MT. It involves processes which cover a wide spectrum of involvement for the person or the machine. As we see a new generation of computers and programs which process the voice, measure and calibrate it, and respond orally, we are beginning to move into an area called "machine interpretation". Whether it becomes MI is a matter of speculation and possible development. Interpretation in a professional context, be it educational, commercial, governmental, or medical, has the same serious implications as that of literary translation since it slices into the mind, and the creative, interactive aspects of human life. As the need to access information available in other languages becomes mandatory in many professions, machine translation/interpretation can make a rough copy of this available to the user. There is no need to fear the machine as a substitute for the translator/interpreter (Visions of 2001, A Space Odyssey, a theme song used to introduce athletic teams at the University of South Carolina), for it will not replace the need to pre-, interactive, or post-editing in the process. What has changed is the need for all translators/interpreters to have greater in-depth knowledge of the disciplines which support the professions. The demands which this places on our systems of educational preparation are great and varied. With this in mind, it is worthwhile to look at some alternative approaches to the

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preparation of language personnel capable of meeting new demands other than basic language instruction.

Systems for Preparing Foreign Language Personnel

Elizabeth Joiner (1993:192), in an article reflecting on teacher development, suggests that we look to other professions besides teaching to seek models for preparation programs. As an example, she cites the Master's in International Business Program (MIBS) which has been cited as the top International Business Program in the United States for four consecutive years by U.S. News and World Report. (U.S. News and World Report: 1990, 1991, 1992, 1993) What if each of the professions were to take a look at the international challenges facing them in the next 10-20 years and begin to shape interdisciplinary programs which could produce these programs without consideration of the departmental boundaries which now often serve as barriers to the development of communication across the curriculum, that is, across administrative lines? The argument is often that each subject would lose its identity and that the thought processes would be altered, thus distorting the basis of a liberal education. The fact is, if there is no contact among scholars because of such insular professional programs, very little communication can be established across the disciplines. The result is an individual less able to adapt to different thought processes and less culturally adaptable, since what we are really talking about are differences in academic cultures. Some of Joiner's recommendations based on the MIBS program for reflection about teacher education could assist teachers/professors to deliver programs of preparation for translators/interpreters: 1) the majority of the preparation is **held in a country where the target language is spoken** thus increasing the contact with the language and culture; 2) teachers and or potential translators would **teach an additional subject using English as the means of instruction** thus opening the way for more content based instruction in this country since the material would have to be studied in the target language while abroad. That is, a legal court interpreter would have to study legal content/ political science terminology while abroad in the language of the foreign country; 3) **appropriate technology needs to be included** in the preparation of the professional for his/her profession. For teachers, the theory and practice of teaching and learning (TPTL) involves a lot of computer training built around computer assisted instruction. Translators and interpreters would need sufficient training in linguistics and machine translation so as to be able to integrate the useful aspects into a governmental or private enterprise activity; 4) counseling of students could be an asset to a person planning the use of language in any professional career such as medicine, social work, business, law, translation/interpretation since adaptation and change are important for young people today. Other facets of the MIBS program which have implications for other professions are the following: 5) an **intensive language instructional program** for all participants at the beginning of the program This program is four skills in nature and requires accuracy in both speech and writing; 6) a **controlled language experience abroad** which requires interdisciplinary communication across national borders. These experiences are best coordinated by area studies components integrating language, geography, political science, anthropology, and history faculty in conjunction with the professional schools; 7) **intensive faculty development programs** similar to the Faculty Development in International Business (FDIB) programs developed at the University of South Carolina. They need to be international by design and need to provide international measures of accreditation or certification. The Chambers of Commerce in France, Germany, and Spain now provide examinations for examinations of students from outside those countries. It is critical that international boards be established to establish international professional criteria. state certification of teachers seems to reek of parochialism when one realizes the demands placed on individuals planning to perform professionally in a global environment. These programs must be content-based; 8) an **extended professional experience abroad**, be it in a school or university, a hospital, a law firm, etc. would provide the individual with a different perspective to compare with the 9) **recommended professional experience prior to entrance**. The United States needs to seriously reconsider its traditional four year college experience and look toward a five to seven year set of professional programs, with necessary and realistic goals to guide the curriculum development. MIBS experience at USC has shown that only long-term planning will allow the necessary adjustment for excellence (Fryer, 1993, p. 278).

Schools/universities (Does there need to be a dichotomy?), private enterprise, and governments need to share in the planning of these programs with professional associations and organizations. The politics of integration are not easy, but it is the only way to reformat for training professionals in a global society.

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Delivery System Preferences of Nontraditional Learners

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Delivery System Preferences of Nontraditional Learners

Abstract

Data support the preference of print-based distance education courses among a group of nontraditional learners. The persistence of print-based courses has been considered an administrative decision rather than a learner preference. As the technology gap narrows, technology-delivered instruction will become more prominent. At present, print courses are viable in regions where the infrastructure for technology-delivered instruction is not developed and education is needed.

Key words:
distance learning
non-traditional learners
course format
adult education

Delivery System Preferences of Nontraditional Learners

Introduction

With information doubling approximately every eight years, most professionals realize a need for ongoing education. To best serve these learners, who are largely career professionals, developers of distance education courses need to research the best and most efficient delivery systems.

Are distance education course formats driven by learner preferences or by administrative factors? Traditional print-based correspondence courses are thought to prevail in the technological age due to inertia of the administrators and instructors (Duning, 1987; Pittman, 1987; US Congress, Office of Technology Assessment, 1989). In fact, print courses may exist as they have for a century because they are preferred. Also, technology is not evenly distributed. The range of technology available for distance education is not uniform, with gaps between the rich and poor nations (Hayman, 1993). Distance education will have increasing importance if education is to reach and link remote areas. For example, the goal of a current effort is to provide education to the islands in the SOuth PAcific. To further understand the need for print correspondence courses, the present study investigates the course format preferences of nontraditional learners.

Adults as Learners

Most adult learners are career professionals. Although adults enroll in courses for many reasons, career interests tend to dominate their decision to enroll (Aslanian, 1989; Verduin et al., 1986). Many barriers exist for nontraditional learners, which often makes their enrollment decisions complex (Cross, 1981). Many nontraditional learners are also anxious about looking foolish, which is minimized with distance learning (Rogers, 1989). Indeed, having alternative course formats is important to nontraditional learners, both in terms of helping them overcome situational, geographic, or personal barriers.

Course Formats

There currently are a wide variety of distance education options, many of which are hybrids. For example, many instructor-based video or televised courses have supplementary print materials (U.S. Congress, Office of Technology Assessment, 1989), and many former print-based courses have integrated interactive technologies (Thompson, 1990). For the purpose of the present study, there are four main course formats (Zigerell, 1984): print, or traditional correspondence courses, video-based telecourses, including broadcast instruction, computer based, where lessons can be received on a floppy disk, or computer networked to the instructor, also called telelearning.

The 100-year-old correspondence course, the decline of which has been predicted for decades (Pittman, 1987), may offer the maximum convenience and flexibility in distance education. Learners need only paper and postage to mail in lessons from any location world wide. Learners determine their own pace and schedule, and completion deadlines usually are generous. The disadvantages of print are lack of interaction with the instructor (Thompson, 1990), and the time lapse between submissions and responses. Computer-based courses may be similarly administered, but the learner receives information or lessons on a floppy disk. Print materials may accompany the course, and there may also be generous completion timelines. For any course requiring a computer, the hardware requirement is obvious--the learners need to have a compatible PC wherever they intend to complete course work. Telecourses, a prepared videocassette or broadcast, offers flexibility if off-air taping is available. Of course this option requires a play-back unit to complete course work. Networking, or telelearning, offers direct communication between learner and instructor, which may require mutual time between the two, as well as access to the hardware. The advantage of networking is the immediate feedback and ability to have an interactive session with the instructor.

Method

The present study surveyed technical professionals for their course format preference. The typical subject was employed full time or active duty military, and completing a bachelor's degree or certification program. Many subjects had taken other distance courses. The sample included all geographic regions of the United States. The survey included the four principal modes of distance learning.

Subjects consisted of a group of students who had enrolled during 1990 or 1991 in a credit-bearing correspondence course which is used as an upper-level technical elective for B.S. degree candidates. The course completion rate among the subjects was 72%, therefore the subjects in the present study are considered successful distance learners. Eighty percent of the subjects applied their course credits toward a degree at an institution other than the one offering this course (Hodes, 1993).

Sixtytwo subjects were contacted by mail and asked to complete the survey. Fortyfive percent of the surveys were returned to the researcher. Surveys with incomplete information were eliminated. For the data analysis, the group consisted of 26 subjects.

The survey consisted of seven items which used a five-point Likert scale where a value of one indicated "strongly agree" and five indicated "strongly disagree." The first three Likert-scale items tabulated a response to an inquiry about course format preference by asking "A print or book-based course is more convenient than...." The "Convenience" items were used as an index of the subjects' need for flexibility, pacing and access to the course materials. The three formats given for comparison in the first three items were "traditional classroom courses," "computer-based courses," and "video-tape based courses."

The other group of items asked the subjects how they would prefer to receive lessons if they were to enroll in another distance education course. A strong preference for a particular format would mean that the subjects consider this format highly acceptable and that they would consider such a course themselves. The subjects indicated their preference for receiving lessons over a computer network, on floppy disks, on videotapes, or in a book or study guide (which was their present course format).

As a measure of internal consistency, coefficient alpha was calculated (Cronbach, 1990). The instrument yielded a coefficient alpha of .9432.

Results

Data were analyzed using SYSTAT software. Chi square tests were done on the first three items to tabulated the frequencies an indication of the subjects' preference for a more convenient course format. T-test contrasts were done on the delivery system items to determine significant preferences.

There was a very strong agreement (Table 1) that the print based course is more convenient than a traditional classroom course (Chi square (4)= 21.31, p<.01). A print based course was also seen as more convenient than computer-based courses (Chi square (4) 11.31, p<.05).

Insert Table 1 Here

As for the lesson delivery system, the mean for receiving lessons over computer network was significantly higher (stronger disagreement) than all the other options (Table 2): disk (T(25) = 3.934, p<.01), videotapes (T(25) = 5.947,p<.01), and book or study guide (T(25) = 8.198, p<.01). Receiving lessons in a book or study guide met significantly stronger agreement than either floppy disk (T(25) = 4.29, p<.01) or videotapes (T(25) = 4.228,p <.01).

Delivery System Preferences

Insert Table 2 Here

Discussion

There is a strong agreement among these learners that a print-based distance course is more convenient than either traditional classroom courses or computer-based courses. The preference for print also was obvious when the delivery system preferences were contrasted to computer network, floppy disk and videotapes. Since the subjects were all technical professionals, fear of computer delivery systems or "technophobia" was not thought to be a confounding factor.

The persistence of print in distance education courses has been attributed to many things, such as start-up cost and lack of initiative among faculty and administrators alike (Duning, 1987; Pittman, 1987; U.S. Congress, Office of Technology Assessment, 1989). The fact that print-based correspondence courses endure also can be attributed to a clear preference among many nontraditional learners.

Most subjects had experience with other distance education courses and took this course to fulfill degree requirements; they feel that print-based courses are a convenient and preferred format with video as their next closest choice. Major factors in course selection are flexibility and the potential for self pacing (Verduin, 1986). In fact, a print-based course may be the most flexible and convenient type of course for many nontraditional learners. Subjects in the present study complete courses while shipboard or stationed abroad, and others report job transfers or changes of residence. Print-based courses usually can be completed without specific equipment, such as video playback units or computer terminals. The strongest contrast of the lesson formats was between print-based and computer network (Table 2). The study time of nontraditional learners is usually an "after hours" undertaking (Reichmann-Hruska, 1989), which means that time devoted to the course itself may occur at home, while commuting to and from work, or on a business trip where hardware often is unavailable. Having a course that is entirely portable is a important factor in flexibility and convenience for many distance learners. Conversely, the main disadvantage cited in correspondence study is the lack of interaction with the instructor (Thompson, 1990).

Will technology-delivered instruction become more prominent? In developing regions, electronic communications themselves are undergoing radical changes in accessibility and organization. However, due to the lack of resources in many countries, technology-delivered instruction cannot compete with print (Hayman, 1993). The lack of hardware and portability are barriers. To date, some hotels and conference centers in Western countries are equipped for business travelers who need to use modems and other electronic equipment, but most location do not. In time, networking and telecourses will be increasingly available world-wide. In developing countries with substantial educational needs, print-based courses are a widely-accepted, viable alternative while the infrastructure for sophisticated delivery systems develops.

Conclusions

Technology delivered instruction will become more prevalent in distance education as it better meets the needs of the nontraditional learners and as the technology is increasingly available. Primarily those needs are flexibility, self pacing and portability, allowing access to education regardless of schedule or location. Systems with no set time have been shown to favor course completion with nontraditional learners (Rogers, 1989). As it now stands, video or computer-based courses and their equipment requirements are barriers.

To answer the question of which factors drive course formats and delivery systems: For the foreseeable future, print-based distance courses will continue their popularity, although not entirely due to administrative reasons, but due to various learner preferences and technology gaps. More hybrid formats and techniques for increasing student-instructor interactions may offer improvements in print-based courses; however in light of these data, distance education courses should include a print component which could include materials such as a student workbook, readings, bibliography, and glossary.

The preference for print is followed closely by broadcats or video-based instruction. Thus the most feasable new course format may be a video-print hybrid. A computer link can be added once the course is established.

The format preference among instructors, administrators and nontraditional learners may be the same, but for different reasons. Instructors and administrators cite cost of development and implementation, while the learners cite preferences for formats that best meet their needs. Thus, print format courses still offer many advantages to nontraditional learners, and need to be considered in new distance education endeavors. Therefore, regardless of primary delivery system, allow time for the development of the print component. Do not assume that all courses must be computerized or that no course will be print. Areas with a technology gap can develop print based coursed and add technology-based delivery later. Consider a variety of delivery systems and do feasibility before investing in technology. Distance learning has shown to be just as effective as classroom instruction (US Congress, Office of Technology Assessment, 1989). The most important considerations, and the reason distance education exists, is to accommodate the learner and to bring education to regions where education in unavailable. Courses must be learner-centered which can be accomplished with any medium or format. In the future, the delivery system may not be important. The most important factors will be the methods and techniques used to facilitate learning, especially those that eliminate barriers for nontraditional learners and learners in developing countries.

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Table 1

Most Convenient Course Format

A print or book-based course is more convenient than a

	Strongly Agree	Neutral	Strongly Disagree	X^2p
Traditional classroom course	144	530	21.31	.000**
Computer-based course	117	4	2211.31	.03*
Videotape-based course	69	542	5.15	.17

Note. Lower values indicate stronger agreement. *p<.05, **p<.01

Table 2

Significant Contrasts for Lesson Format Preference

Subjects would like to receive lessons

	M	vs.	M	T(25)	p
Over a computer network	4.19	Floppy Disk	3.19	3.93	.001**
		On Videotape	2.92	5.95	.000**
		In a book	1.58	8.19	.000**
In a Book or Study Guide	1.58	Floppy Disk	3.19	4.29	.000**
		On Videotape	2.92	4.23	.000**

Note. Lower values indicate stronger agreement **p<.01

GLOBAL AWARENESS SOCIETY INTERNATIONAL

ABSTRACT

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Title	Paying Privatization's Piper: Inevitableness, Embeddedness, and the Lessons of Karl Polanyi.
Author(s)	Robert H. Hogner
Institution	Dept. of Business Environment Florida International University

This paper analyzes the Eastern European privatization experience from the ***economy in society*** model originally proposed by Polanyi. Market society, and related market culture, are seen as "disembedding" economic behavior from social control allowing for economic concerns to overwhelm society. Similarly, bureaucratic and totalitarian command economies are seen as similarly disembedding economic behavior, albeit allowing political concerns to become primary.

The economy in society model, when applied to the Eastern European experience, illustrates the inevitability of permanent social and economic dislocation resulting from privatization efforts. Fundamental misunderstandings about the effects of market systems, the application of economic analyses, and ignoring at least a century of history of market systems are seen as contributing to the continuing virtual astrological fixation on the positive effects of market conversion. The economy in society model suggests the negative effects of privatization and market system conversion will continue to overwhelm positive effects. A path for positive reform, based in re-embedding economy in society, is proposed, with a working example, the Basque nations's Mondragon Cooperative Group, offered.

PAYING PRIVATIZATION'S PIPER: INEVITABLENESS, EMBEDDEDNESS, AND THE LESSONS OF KARL POLANYI.

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This paper analyzes the Eastern European privatization experience from the *economy in society* model originally proposed by Polanyi. Market society, and related market culture, are seen as "disembedding" economic behavior from social control allowing for economic concerns to overwhelm society. Similarly, bureaucratic and totalitarian command economies are seen as similarly disembedding economic behavior, albeit allowing political concerns to become primary.

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INTRODUCTION

Characteristic of forms of modern industrial development, capitalistic or otherwise, has been the disembedding of production and distribution systems from systems of broad-based, or popular, social control. The social and ecological consequences of such a *disembedding* process are well documented. Whether driven by political or economic forces, disembedding production and distribution *inevitably* results in widespread social and environmental dislocation. As global society stumbles haphazardly through post-industrialism, we may want to ask ourselves what advantages re-embedding production and distributions systems offer --- in the unlikely event historical circumstances develop allowing us proceed along a corrective path.

This path, indeed the road, has been built and traveled[1]. In what we may consider to be a microcosm of a global re-embedding economy in society experiment, four decades of *embedded* social development in the Basque region of Spain stand as positive testimony to an embedded production and distribution system. The Mondragon Industrial Cooperatives Group offer a distinct counterpoint to the disembedded industrial society: forces in the latter destructive to humanity, ecology and capital development are in the former democratically contained by *community* and channelled towards social development.

Here, we will explore the concept of embeddedness and its power for understanding forms of industrial development and change. This theoretical discussion, drawing heavily upon the concepts and feelings advanced by Polanyi but also related to developing ideas presented by Rorty and others, forms the explanatory model used within this work.

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We then briefly review privatization as it is being experienced in the former centralized planning states of Eastern Europe. The point here is not to champion market accomplishments; it is acknowledged markets do best what markets do best ... stimulate economic growth. Rather, the dislocative forces detaiuled here will serve to illustrate how intimately these forces are tied to market-driven economic change and how economic and managerial dimensions, freed of public constraint, are free to wreck havoc upon society.

The Mondragon Industrial Cooperatives then secures our focus. Placing its development in its historical, political, and cultural context presents a base for understanding its remarkable record of achievement as an engine of social organization in Spain's Basque region. The historical, political, and cultural context of the industrial system --- the threads of production and distribution woven into Basque social fabric --- also gives us an understanding of how a handful of worker-owners in the 1950's started on a path of industrial and social development that passed, in the early 1990's, a point at which 22,000 cooperators were given, with at least two levels of irony noted, the General Motors European Corporation of the Year Award.

Finally, we return to the basic question: of what import is Mondragon, or even embeddedness? Times are certainly changing, and the Polanyi model of social development is of a past age. Does it, and even our look backward, evidence simply another attempt to link with a romantic, perhaps enchanted, but certainly mythic, view of the past? The answer is, at least as presented here, maybe ... or maybe not. There is no question about the social embeddedness of the Mondragon Industrial Cooperative Group. We are now left with the most important question: *"So What?"* Data here, economic statistics of achievement aside, is sketchy. We explore in this final section the research questions that will help us answer the "*So what?*" question with confidence.

EMBEDDEDNESS IN MODERN (AND POSTMODERN) SOCIETY

THEORY[2]

Dalton, in his original unpublished work on Karl Polanyi as a social reformer, presents the 'Polanyi model' as illustrating:

> that the economy-integrating pattern of self-regulating, competitive markets for factor inputs and commodity outputs (*laissez faire* capitalism), exemplified by the economic organization of 19th Century England, is unique in its specific structure of uncontrolled price-making markets, its institutionally enforced motivations to participate in economic activity, and in its determinative influence on the non-economic lives of its participants. (Dalton 1959: 18)

Further, Dalton explains that the development of market capitalism turned societal relations with nature, and human and societal relations themselves, on end. Where once economic relations were *embedded* in and secondary to their broader social context a free market society actually embeds relations relative to nature, man, and society into the economic system.[3] (*ibid.* : 8, 9, 39-41)

The Polanyi model is somewhat, pun aside, embedded within what Reddy calls [illegible]beral illusion. (Reddy 1987) Synthesizing the last quarter-century of historical analysis on the rise of capitalism, Reddy presents a model of market capitalism existing only in its ideological form --- market 'culture.' (Reddy 1984; 1897) The evolving "science" of economics, public policy, elite public debate, even conventional wisdom, reflected this market culture. But the rise of industrial society in modern Europe as lived in the day-today lives of its participants reflected far, far less of that culture than most, including Polanyi, would have us believe. Disembeddedness, to some degree, apparently was an ideological phenomenon as well.

This is worth mentioning, not for its great revisionist import, but rather as a point to be returned to as we explore the current philosophical context of Polanyi's model. Whether in the institutionalized process of community day to day live, in the pronouncements of economics, or in public policy, clearly a process was at work which had the effect of limiting broad-based community, i.e. social, control of production and distribution systems. Of that, we can agree.

The social and symbolic process of adoption of market culture, consequences thereof, and following societal reactions are distilled into the ***economy in society model.*** The philosophical, historical, and pedagogical context of this model has been explored elsewhere (Hogner 1990; 1991; 1992). It is presented in Table 1.

PLACE TABLE 1 HERE

This model integrates as its main body of thought the Polanyi's model of social change and the evolution of market society. It also integrates the epistimological and, within the social sciences, paradigmatic, changes that allowed for what we call economics to evolve. Finally, after Mendell (1988), it integrates what has been characterized as Polanyi's unsparing "critique of centralized decision making." (Mendell 1988: 7)

The economy in society model, integrated with the broader shifts of socio-economics and institutional economics, reflects perspectives about the changing world views of our age. Paz, in his acclaimed 1990 work invokes a similar concept in searching for an acceptable vision for the future. *Liberty, equality* and *fraternity* are the "cardinal words of modern democracy," the kernel within the birth of the modern era.

He writes:

> As I see it, the central word of the triad is *fraternity*. The other two are intermeshed with it. Liberty can exists without equality, and equality without liberty....The one and only bridge that can reconcile these two brothers continually at sword's point with each other --- a bridge of interlinked arms --- is fraternity....Only fraternity can dispel the circular nightmare of the market. (Paz 1990: 148-149)

Invoking concepts of community solidarity achieved through conversation (Rorty 1991), Rorty mirrors a somewhat similar perspective. Seen through the lens of philosophical pragmatism, embeddedness assumes the character of a completed social conversation; disembeddedness that of incomplete, or absent, social conversation.

Three concepts thus converge on one. Polanyi describes the concept of *disembedding* production and distribution. Production and consumption, what he calls but we may only fleetingly refer to as economy,[4] if they are to reflect the *community's* interests must be embedded in the broader scope of social relations. To Paz, the linkages of fraternity will serve to counter the erosion to society, humanity, and ecology perpetrated by the imposition of a market society. And, consistent with Polanyi's model of functional socialism and functional representative organizations,[5] the open loop between consumption on one hand, and production and distribution on the other, is closed through social conversation, *i.e.*, local community based democratic decision making.

PRIVATIZATION, DISLOCATION AND EASTERN EUROPE

Formerly centralized planning states, one expects as they lurch forward privatizing and marketizing, would experience economic crises. The so-called 'negative externalities' of these movements are not, however as the name implies, unforeseen, unconnected, indeed, unpreventable, by-products of privatization. Increases in social

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disorder, unemployment, homeless wandering the streets, a burgeoning international trade in Eastern European and former Soviet Union republics' women selling themselves into prostitution and hard core pornography markets, all these are integral to the process of privatization and marketizing society.

As made obvious by the previous section, the process of reconceptualizing and reconstituting social goods --- people, money, natural resources, and so on --- as primarily economic commodities ***necessarily*** not only increases the economic efficiency with which they are used, but also the social dislocative forces associated with their use. It is not the character of the change which demands this, rather it is the shift from primarily multi-dimensional to uni-dimensional status. As developed above, whether a social good acquires an over-developed political or and overdeveloped economic character, its incidental dimensions suffer.

An illustrative example is worthwhile citing. A recent article suggests that the modern medical care system is not functioning well. While the fortunate have access to the system, "*the less fortunate are denied modern surgery, drugs and even decent sanitation.*" (Passell 1993, p. 21) While this may be true of most any urban American city, and it certainly is true of Miami and New York, the author was relating contemporary Moscow conditions. There, the more fortunate had access to political, not economic, capital.

A related point is developed in Goodman and Loveman's 1991 Harvard Business Review article on privatization. These authors try to strip privatization of its ideological and perhaps even religious cloths and ground the discussion in the realm of managerial behavior and accountability. To Goodman and Lovemen, by itself privatization does not necessarily mean a better served public. Privatization, to them, involves

> the displacement of one set of managers entrusted by shareholders --- the citizens --- with another set of managers who answer to a very different set of shareholders. (p. 28)

The issue then becomes not one of changing stakeholders, but rather institutionalizing reforms that will increase discourse between stakeholder groups and management. As Berle and Means pointed out in their classic study on American corporations' ownership structures, and as Galbraith (1972; 1969) related in his discussions of the management and purposes of large-scale business organizations, the assumption that ownership means control is one that has long lost its tenability.

Thus, replacing one group of stakeholders with another, replacing one group of managers with another, and so on as privatization and marketizing movements move on; will not have the intended overall effect: as Dicken's London suggested economic productivity *may* achieve higher and higher levels, but necessarily socially dislocative forces will as well. Privatization does not provide a better functioning economy, only one that functions more and more. Only an economy which recognizes the inherent social character if labor, of money and of natural resources can be expected to produce a better anything.

DEVELOPMENT AND EMBEDDEDNESS AT MONDRAGON

We now turn to examining a developing system of social organization where embeddedness as a theory may be tested in practice. As a directed model of social development, a community organized around industrial production has succeeded in embedding economy in society. In this example of integrating life and livelihood, the

Mondragon Cooperative Group has succeeded not only in achieving a balance between economy , society, and nature, but it has done so in a manner that has provided the wealth of industrial production normally only associated with capitalist-based systems. In doing this it has provided an alternative to the disembeddedness of corporate capitalism and to centralized state socialism.[6]

In 1955, the village of Mondragon in the Basque Nation area of Spain was indistinguishable from most other poor Basque and Spanish country-side villages. Its industrial base was founded in its heritage of iron foundries dating back centuries. Its social, political, and cultural life was reflective of both the unique Basque character and the tension resulting from the merger of that character with foreign, i.e. Spanish, immigration and domination (Heiberg: 1989).

Today, only thirty-five years later, Mondragon is a thriving industrial city. It is the center of a vast and growing network of industrial and service cooperatives referred to as the Mondragon Cooperative Group. The Mondragon Cooperative Group forms the largest industrial cooperative system in the world, and by all accounts is established as the most successful to date of such systems (Milbrath: 1986; Thomas & Logan: 1982). The thesis developed herein is that the success of the Mondragon Cooperative Group, as measured by its absolute growth, its economic performance relative to comparable Spanish and European "capitalist-type" industries, and by the high degree of support it receives within the Basque region, is due to its high level of institutional coincidence, i.e. embeddedness, with Basque society and culture. It is a social movement --- a social purpose --- reflected in the development of an economic structure and institutional form (Clamp:1986).

The Basque Character

In an analysis of the integration between Basque values, the Mondragon Cooperative Group, and the Mondragon schooling system, Ornelas-Navarro summarizes Basque cultural patterns as integrating (1) a strong sense of internal solidarity, and (2), strong feelings of social justice (Ornelas-Navarro 1980: p. 11). This theme is reflected in other works analyzing Basque culture and values (Gutierrez-Johnson: 1982; Thomas and Logan: 1882).

The most comprehensive English language analysis of Basque cultural traits is Heiberg's analysis of the national Basque character (Heiberg 1989). Heiberg characterizes Basque society and culture as a dynamic of two distinct and antagonistic but overlapping social and cultural orders:

> ...one urban, Hispanicized, complex, prosperous and powerful and the other encompassing the vast majority of the population, rural, *Euskaldun*(Basque-Speaking), relatively impoverished and largely impotent to affect events in the wider world. [*It is an experience*] ...shaped by the intricate, fluctuating relationship between these traditionally antagonistic orders. The Basque nation has been shaped by the merger [*of those orders*]. (p. 2)

The Basque character, insofar as it relates to the present analysis, can be said to have developed from traditional Basque country life and Spanish urban life, and as well, the dynamic and tension overlapping those orders as attempts were made over the centuries to integrate the Basque nation into Spain. This dynamic is consequential of the geo-political and historical bases of Basque society, and the parallel development of a unique Basque language and culture.

The Basque "values" resulting from these threads of social and cultural fabric

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are summarized in Table 2.

INSERT TABLE 2 ABOUT HERE

Seeds of economic development, if they were to integrate life and livelihood, *i.e.*, placing economy in society, would have to be planted in a culture which evidenced fierce independence from outside forces, idealized family and community life and evidenced internal solidarity, and at the same time reflected a mistrust of both market capitalism and socialism. This seemingly unresolvable development puzzle --- the search for what has been identified internally within the system as equilibrio --- gave rise to the Mondragon Cooperative Group.

Equilibrio is described by Whyte and Whyte as the primary guiding principal of the cooperatives. They describe it as a "balancing of interests and needs."(p. 259) Morrison(1991; p. 30) describes the "democratic pursuit of equilibrio is a way to balance human freedom and community." It is the vehicle of Rorty's social conversation, and an institutionalized form for fraternity dispelling "the circular nightmare of the market," (Paz 1991: 149). It is a model for understanding embeddedness in modern, and postmodern, industrial society.

The Development of the Mondragon Cooperative Group

In the middle 1950's Spain embarked on a program of industrial and economic development. The history of the Basque region, with its industrial base and tradition of skilled workers, provided an environment in which the chances for development success were good, regardless of any institutional structure adopted(Gutierrez-Johnson: 1982, p. 7). The development of the Mondragon Cooperative Group, however, evidences extraordinary economic success and at the same time integration with a pattern of broad-based societal development.

The first Mondragon Cooperative Group cooperative was established in 1956 under the guidance of a local priest. This first cooperative, ULGOR, was started after workers had a brief skirmish over participatory management schemes in a local foundry. The priest, Don Jose Maria Arizmendi-Arrieta, had established himself in Mondragon as a community organizer who was particular skilled in adopting Basque values to solutions for community needs. He also was a proud Basque patriot: he had narrowly escaped execution by Franco's courts following the Civil War.

ULGOR, and subsequent cooperatives which arose from its example of success, were guided by three broad "Catholicism-based" values: humanism, social justice, and democratic values. These values were institutionalized into six key decisions, described in Table 3.

INSERT TABLE 3 ABOUT HERE

The Mondragon Cooperative Group was firmly established by the early 1980's with 100+ cooperatives and 18,000+ members. By the 1990's, employment had risen above 21,000 permanent workers, 166 cooperatives were operating, and sales had risen from $1 billion in 1979 to just under $1.4 billion. (Morrison 1991)

An increasing number of service-type, e.g., educational, housing and agricultural cooperatives, as opposed to primary industrial cooperatives, were started during this period. Additionally, the Group shifted its base from a producer targeting primarily local and regional markets to an export-based structure. Its products are found throughout Europe under a variety of trade names, and its computerized robotics systems are a major player in the world market. As a testament to their growth and potential, partially in recognition of their signing a contracts to supply engine blocks and components to Honda, Volkswagen, and General Motors, the Group was named by General Motors 1992 European Corporation of the Year.[7] Finally, the Group's success was introduced into U.S. 1992 presidential politics through it being cited, albeit by Governor Brown, as an example of the type of labor system the U.S. should be heading towards.

The expansion of the Mondragon Cooperative Group is not an example in imperialist market development. Rather, it illustrates organization-building over larger and larger contexts. In doing this it is guided by a dedication to societal development absent the development of discriminations of wealth, power, and opportunity. (Gutierrez-Johnson: 1982, pp. 135-138).

The Service Cooperatives

Another element critical to the success of the Mondragon Cooperative Group was the development of the *service cooperatives*. In each case of a service cooperative's origin, their purposes fit not only the economic needs of the Mondragon Cooperative Group and the Basque region, but also the molds necessary for supporting a fully-functioning modern industrial Basque culture and society.

The first of the service cooperatives was *Caja Laboral Popular*(working people's bank), generally referred to as CLP. It was organized in 1959. Described by Don Jose Maria as a necessity for "closing the gap in the circle" of economic development

(Gutierrez-Johnson: 1982, p. 123), the CLP enabled worker-owned enterprises to have a ready and expanding source of investment capital. It may be noted that the CLP was instituted by Don Jose in Madrid over the objections of the founding cooperative board members. In as benign descriptive phrasing as is possible, this was done without full knowledge by members regarding the use of what was represented to be their signatures.

The CLP was to become a critical element in the success of the Mondragon Cooperative Group. By 1982 it had deposits equal to 89% of total Mondragon Cooperative Group sales. Shortly after its founding, Caja Laboral was organized into three divisions: (a) an economic services organization providing banking operations to the Mondragon Cooperative Group and its members; (b) an entrepreneurial operations center, providing technical help and management consulting services for established and proposed cooperatives; and (c), a "social insurance" division responsible for members' medical care, pensions, other usual fringe benefits, workplace safety, and wellness programs. (Milbrath: 1986, pp. 55-57).

Other service cooperatives were organized as well, each filling a unique "development niche." A professional school was established to provide a well-trained labor pool, and a source of managers and workers who were already socialized into cooperativism:

> One is not born a cooperateur, because to be a cooperateur requires a social maturity and vocation for social conviviality. In order to become an authentic cooperateur, capable of cooperating, one must have learned to domesticate individualistic and egoistic interests
> —(reprint of Cooperacion #1, September, 1960, as cited in Milbrath: 1986:

54)

A consumers' service cooperative, a cooperative housing organization, elementary schooling and day care cooperatives(mainly localized in cooperative housing centers) round out the community development model.

The governing force of equilibrio guide these efforts. The relationship of the cooperative day care and cooperative school systems to teaching Euskara illustrate the broader organizational purposes of the Mondragon Cooperative Group.[8] A cooperative consumer services organization centered around a supermarket system publishes a well-respected Consumer Reports-type magazine. It also finances an ongoing consumer education project. All cooperatives return 10% of earned surplus back to the community as 'social investment'; in the U. S. this figure rarely approaches even 1%! These elements of Mondragon organization illustrate the overall embeddedness of this industrial organization into the community, and evidence the clearly defined social identity of what economics would classify as economic behavior.

The Mondragon Cooperative Group established an interactive relationship with Basque nationalism and culture. The Mondragon Cooperative Group borrowed from Basque culture its core values and its threads of ideological cohesion and political inspiration. The Basque nation saw in the Mondragon Cooperative Group its national mode of production (Heiberg 1989: 225).

The Mondragon Cooperative Group at its core thus adopted a "economy in society" thrust. Its goals were:

> to fundamentally imbue consistent action in a vibrant process for assimilation and fostering of resources and methods for an accelerated and intense development that

> without a doubt will be social and economic in support of work and solidarity.
>
> (Arizmendi-Arrieta 1972: 65; as cited and translated by Clamp 1986: 61)

This perspective is reflected in the rallying slogans of the cooperatives:

1. Knowledge is power.
2. Knowledge must be socialized for power to be democratic.
3. To create and not possess; to realize but not profit; to progress but not dominate.
4. Better to become communities that are prosperous and just than be personally wealthy in a poor community. (Retegui: 1980, pp. 3-4; as cited in Clamp: 1986, pp. 61-62)

The Mondragon experience shows is that it is, indeed. possible to socialize production, *i.e.*, to embed a prosperous economy into society, to ensure economic activity is performed for material well-being, and, with some judgement suspended, progress towards a just and humane community. Embeddedness, the Mondragon example shows us, is not simply an ideal; through *equilibrio*, fraternity, and institutionalized social conversation it is an achievable reality.

EMBEDEDDNESS AT MONDRAGON: RESEARCH QUESTIONS

Somehow, common sense guides to understanding that Mondragon ***should*** be a just, humane, and prosperous community. As noted above, there is no question about the Group's economic prosperity and potential. Anecdotal evidence aside, very little exists to empirically serve to others that it is more than just that. In this final section, we will explore what research questions demand answers before public will outside of the Mondragon Groups immediate grasp will shift towards embracing its model of developing social organization.

The questions that we should be asking, following the general re-embeddedness theme adopted above, may be divided into three broad categories: those associated with *human concerns of social and community organization*; those concerned with *the manner which that organization is embedded with the ecological system*; and, finally, *the manner in which the interaction of these former provide for life and prosperity*. In short, we will be structuring inquiry along the lines of attempting to answer in depth, and beyond common sense, whether or not the Mondragon Group provides for a social and ecological justice, prosperity and sustainability. Does it, through embeddedness, *really*, offer a better dream for life and livelihood, for land labor and capital?

HUMAN AND COMMUNITY CONCERNS: MAN

To propose research questions related to human and community concerns, one need only review any listing of the ills of modern industrial workplaces and society, and ask: Is Mondragon better or worse? It is a simple question, and the assumption is that if it is so simple, it has already been answered. Yet, a review of research and popular writings show no such analyses, save above noted anecdotal references to Mondragon Group activities.

We might want to ask questions about job satisfaction, about frequency and severity of industrial accidents. Are Mondragon workers exposed to a lessened amount of harmful chemicals? Do they die, or get sick, more or less often.

We might want to ask how community concerns "flow" into Group concerns. How are decisions made regarding the expenditures of the surplus devoted to community purposes? How has Mondragon democracy and openness penetrated closed aspects of community? Is there less sexism and ethnic hostility? More or less discrimination?

We might want to ask questions about children of the Mondragon Group's workers. Are they happier? Sadder? Do they learn faster or slower? How is their world view shaping up?

Outside of Spain, where the Group operates wholly-owned subsidiaries, other questions arise. What organizational structures arise? Do they lead, or follow? When they export industrial systems, what impact do these systems have on existing workplace structures?[9]

Answers to the above questions, and many possible others, will tell us what Mondragon Group-type *life* is like relative to alternative forms of social organization. Has an increased level of social communication *really* provided a better balance --- a better state of equilibrio --- of, after Paz, liberty, equality, and fraternity?

ECOLOGICAL CONCERNS: NATURE

Following the above structure, we may ask the simple question: Does the Mondragon Group's social organization provide for a sustainable future? A myriad of questions arise from that simple one; again, answers to none of these are readily available. We might want to ask about simple environmental law citations: Does the Group's record compare favorably or unfavorably with Spanish industries organized differently? Has, in times of environmental crisis, the Group responded differently? Better? Worse? Have the individual cooperative companies been leaders in the environmental movement? Followers? Obstructionists? As foreign-based subsidiaries operating in host countries, how do they "fit" with environmental concerns?

Having begun to close the loop between production and distribution on one hand, and consumption on the other, we need to know whether the Group's products are environmentally sane, or following market-driven systems, still insane. Do their products educate, or obscure ecological dimensions of product choice? Are there products over-packaged? Do they encourage reuse? Recycling? Discourage waste?

What kinds of environmental reviews swing into place in workplace or product development decisions? Does the Group lead or follow in Spain? In the World? Is their chemical mix community and ecological system friendly? Per unit output of production, are they more or less energy efficient?

LIVELIHOOD & PROSPERITY CONCERNS: CAPITAL

Of the three areas of concern to us here, land, man, and capital, the last of these is the one for which we have much data and even a few answers. We know that the Group's directed effort towards job creation has provided a firmer base for social development than that found in market-society Spain. We know that the Group's long-term employment and surplus creation rates are much higher than found elsewhere in Spain and elsewhere in Europe.

We know that Group capital surpluses remain under Group control. Indeed, through the CLP, they form the base of future development. And we know that as perceptions developed that the CLP's *voice* was becoming louder in the social communication process, structural adjustments were made to equalize those voices, *i.e.*, to further democratize the inter-company Group democracy.[10]

We have very little information, however, on the long-term investment decision-making patterns of the CLP. How, for instance, is a social vision for Basque development integrated into those patterns, if indeed it is? We know that conflict between the CLP and 'general Group objectives' led to establishing a democratically-controlled supra-council of all Group cooperatives. Has this council changed investment patterns, and if so, how and with what effect?

Finally, we know nothing about how the Mondragon Group's objectives are maintained or compromised as they engage in joint ventures outside of the Basque region, or as they contract with non-Group entities. We might want to ask if "legal-economic" bargaining take place, or is there a broader "implementation of social vision" brought into play.

CONCLUSION

We here have reviewed a story of the progress a community of ordinary people ---not social, political or intellectual elites --- has made to establish for themselves a humane, just, and prosperous existence. This story leaves us with a vision of a social organization model that represents a "strong attractor" if we are seeking a similar such existence for ourselves and future generations. Our livelihood, raising questions and examining answers, is enhanced by the Mondragon Group's progress. We have seen there are many such questions to be answered before we can fully convince others the Group's vision is one that must be shared elsewhere.

ENDNOTES

1. With apologies to Morrison (1991) and to the title of his book, *We Build the Road as We Travel.*

2. This section is partially adopted from Hogner 1992.

3. Here, I am tempted to place a [*sic*], but shall not, pending subsequent discussion. Conceptualizing, indeed fragmenting, life into "economic" and "other"presents a paradigmatic default.

4. Economy is a concept to be avoided wherever possible. As a modeling technique for understanding a hue of social behavior it is perhaps valuable. In its assumed position, objectified and the focus of study by a presumed science, it is certainly less than valuable and arguably harmful.

5. See Mendell 1988, pp. 7-9 for a description of Polanyi's proposals.

6. See Lindenfield 1990 for a general introduction to the place of cooperative ventures in economic development.

7. Spain: Mondragon Cooperative Group Receives Award from General Motors: p.9

8. Euskara, the Basque national language and an important unifying symbol, was taught in the cooperative system. At first a practice forbidden by Franco, it was a clandestine effort within the factories and schools. Later, as Franco's control over Spain weakened, it was taught openly within the school and day care system.

9. Some anecdotal references have noted that Mondragon systems, when exported, actually demand shop-floor changes to accommodate cooperative decision-making.

10. This process is to be recalled as "achieving higher and higher levels of social organization."

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TABLE 1

ECONOMY IN SOCIETY MODEL

1. *Prior to the advent of market economy and market society, society's human and ecological relations were embedded in a constellation of societal forces. What are considered 'economic forces' were indeed present, but inseparable in concept and action from the social fabric.*

2. *An 18th and 19th Century view of man, nature, society, and universe simultaneously drove the development of liberal economics on one hand, and Marxian economics on the other.*

3. *The evolution of society into market society occurred through the transformation of capital, humanity, and nature --- money, labor, and land or natural resources --- into economic commodities. They became disembedded.*

4. *The evolution of society into what we know as centralized planning societies transformed these same social goods into political 'commodities', goods subject to influences of privilege, power and bureaucracy.*

5. *These social goods are commodities only in the fiction of economics textbooks. They have no objective reality as economic goods. Their place as such is of a symbolic character as defined by a prevailing world view.*

6. *Both command and market structure economies evolved from the same world view: a determinable, linear, and mechanistic physical, social and natural world.*

7. *The process of disembedding capital, humanity, and nature set loose forces that offered unparalleled social, political, and environmental dislocation. Market societies offered a paradoxical side-effect: previously unknown levels of material production.*

8. *The immediate reaction was to begin protective and reactionary measures --- reform. These measures continue through today. They are efforts to de-economize and de-politicize --- to re-embed into society --- labor, nature and capital.*

9. *A corresponding world view change --- towards a holistic, socially-connected, ecologically-bound existence, i.e. socially and environmentally sustaining --- is being experienced simultaneously with the re-embedding process.*

TABLE 2

BASQUE VALUE STRUCTURE

1. *An image of the ideal, harmonious and moral nature of Basque traditional life.*
2. *An opposing view of Hispanicized society as foreign, and contaminated with the misery of industrialization.*
3. *Liberalism, as realized in the attempts by a powerful Basque oligarchy to establish "market forces" as a centralizing element in unification with Spain, adopted negative symbolism.*
4. *Socialism was seen as foreign corruption of the Basque nation, and driven by immigrant (Spanish) workers' envy and greed for Basque wealth.*
5. *The spiritual, egalitarian, family, and community orientation of Basque traditional life are expressed in a national solidarity.*
6. *This solidarity is expressed in a strong attachment to Euskera (the Basque language) as a unifying element of Basque culture, society, and family.*

Adopted from Heiberg: pp. 47-115

TABLE 3

INSTITUTIONALIZED DECISIONS: MONDRAGON COOPERATIVE GROUP

Collective Ownership. *This eliminated worker-owner discrimination and antagonism, and enabled worker dedication to the enterprise.*

Industrial Democracy. *A representative democracy system guaranteed members the right to control the policy-making bodies of the cooperatives.*

Open-Door Employment. *Anyone wanting a job had one, providing qualifications and available jobs matched.*

Decentralization. *This decision evolved as the Mondragon Cooperative Group matured, and ensured a mechanism for maintaining self-managed work communities, generally of less than 600 workers.*

Self-financing. *First through a policy of restricting total distribution of any surpluses, then through the establishment of a cooperative bank, the Group relied solely upon member-generated capital.*

Performance tied to Surplus. *The economic performance of each cooperative was tied to "returns-for-labor."*

Adopted from Gutierrez-Johnson 1982: 129-132; Morrison 1992; Whyte and Whyte 1988.

A COMPARATIVE METHOD FOR A GLOBAL POLICY PERSPECTIVE

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ABSTRACT

This analysis indicates that the theoretical status of the comparative method in social policy is in development and that a global perspective itself, as a substantive area for research is in the formative stages. A case oriented strategy as a comparative method was explored for applications to social policy analysis and development. A linkage is established between a theoretical conception identified as a a cyclical policy model and a case oriented comparative method. Key to an understanding to a case oriented method is to converge deductive and inductive modes of inquiry into a single strategy for social analysis.

A case oriented strategy has applications to any level of complexity from macro-complex systems; cross-comparisons between societies and finally, to a simple state of a single entity in a family agency. A case oriented comparative method has applications to different levels of structural complexity but with a similar patterns and relations for comparative purposes.

CASE ORIENTED COMPARATIVE METHOD
CYCLICAL MODEL
MULTIDIMENSIONAL
GLOBAL PERSPECTIVE

A COMPARATIVE METHOD FOR A GLOBAL POLICY PERSPECTIVE

INTRODUCTION

It is common to define the comparative method as a study of data from at least two societies, for example, the USA and Russia. It is generally expected in these studies that a linear causal analysis will disclose statistical control over variants in social policy analysis within and between these systems. The use of statistical methods is a critical factor in validating causal relations. However, it lacks the multiple, combinatorial and cumulative causal explanations manifested in complex social policy systems especially when conceived within the context of a global perspective. A reason is that a statistical analysis has general application in either a deductive (i.e. top/down policy) or inductive inquiry (i.e. bottom/up policy) but not in both. A case oriented strategy as a comparative method combines the inductive/deductive modes of inquiry into a cyclical policy model.

As a result, a case oriented strategy inductively discovers patterns of invariant in policy behavior while discerning patterns of associations of a larger whole. It examines social policy as a whole: combinations of experiences to produce generalizations about the relationships within and between multi-level functions in complex policy systems. Hence, a cyclical conception of social policy defines the comparative method accordingly: multi-level functions within a social policy system: between two or more systems and finally, within a global system. The functional outcomes to a comparative case oriented method has similar applications to different and multiple levels of structural complexity: micro meso and macro level policy systems.

A goal is not to understand or interpret specific historical outcomes in a small number of cases or in an empirically defined set of cases. No single causal model fits social policy in whatever substantive area (i.e. health, family, aging etc.). A case oriented strategy is chosen for comparison as separate aspects of a case, on whatever level, and then as combinatorial.Three dimensions of choice comprise the key variables manifested in options available to a case oriented strategy in social policy: normative, structural and behavioral.

A first task of this paper is to present the basic criteria of a case oriented approach as a unique function to a comparative social policy method. A case oriented comparative method is placed within a multidimensional perspective: the normative, structural and behavioral choices in dimensions. Each dimensions is presented as a co-producer toward a cyclical model in a deductive and inductive complementary. A cyclical policy model is synonymous with a global perspective of interdependent , interrelated and interconnected social phenomena. Family policy is chosen as the substantive area for purposes of illustration.

CASE ORIENTED STRATEGY AND A CYCLICAL SOCIAL POLICY MODEL

A case oriented strategy as a comparative method argues that if two or more instances of a phenomena under investigation have only one of several possible causal circumstances in common, then the circumstance in which all instances agree is the cause of the phenomena of interest (Ragin, 1987). In this case, social policy development is conceptualized as a prospective in a desired terminal state while policy production is analyzed in a retrospective perspective (i.e. empirical data base)

In contrast, a linear causal explanation establishes statistical linkages between these functional distinctions (i.e. policy goals in development and policy outcomes in production). It is an irreversible logical process. In contrast, a cyclical model characterizes a continuous mutual interactive process between cause (i.e policy developmental goals) and effect (i.e. policy production outcomes). A case oriented strategy is not partist or fragmentary in reductionism. A unified conception holds that social policy development and production are interdependent and interrelated: causes govern effects; effects govern causes.

If social policy development is conceived as an independent variable that determines all lower level decisions (i.e. production is a dependent variable), than a linear causal analysis is indicated. For example, if we want to know the cause to changing societal family values, we identify the basic social policy goals and then attempt to determine which circumstances preceded its appearance. What happened, where when and why? The logic of this conception argues that goals intrinsic to policy formulation serve to conceptualize and specify norms to be manifested in family policy production. They serve as the internal referents and systemic boundaries for micro-level production decisions. However, policy in and of itself is inoperable. Policy "ideals" must be transformed and implemented through discretionary actions taken by individuals and families. Hence, a social consequence of an aggregate of micro-level choices discerned in behavior over time also determines policy.

In this later case, if we want to know what are the effects to a family policy, we identify changing social institutional arrangements and define changing behavioral patterns and relations of families resulting from enacting policy. How did it happened and what difference did it make? In contrast to the deductive mode of inquiry, if an inductive inquiry is exclusively taken, the effects of family behavior and social institutional arrangements are independent variables that determines policy.

PRACTICAL IMPLICATIONS OF A CYCLICAL POLICY MODEL

A case oriented comparative method compels an analyst to study the causes and effects to social changes as cyclical: knowing where to observe changes: understanding what is changing in social institutional arrangements (i.e. structural dimension) in actual life styles (i.e. behavioral dimension). This approach leads to a normative construction of social policy in a prospective analysis leading to the restructuring of family policy problems in a retrospective analysis (Dunn, 1981). A case oriented strategy is a comparative method conceptualized within the context of a convergence of deductive and inductive inquiry a critical factor toward global understanding.

A common core to all problematic situations in social policy deals with matters of choices. Practitioners professional choices in each dimension pursued inductively or deductively represent distinct pieces of social reality. If the information produced in each dimension is quantified in a linear causal analysis, it serves as the empirical data base to characterize social policy for that dimension. Variables represent the options available in each dimension and when coalesced by an analysts in a case oriented strategy, the outcome is a single combinatorial causal analysis.

A case oriented strategy enabled us to "sweep in" the multiple causes and a result uncover patterns of variance and continuous association within and between dimensions of choice in multi-level policy systems. A social policy becomes a specific case of intrinsic and historical value where neither the existing or emerging system alone can serve as an independent variable. Given the ambiguity and indeterminate quality of all social policy in whatever substantive area, a case oriented strategy is most parsimonious.

CHOICES IN THE NORMATIVE DIMENSION OF POLICIES

A normative dimensional analysis draws particular attention to the values found in society that are implicitly and explicitly written into social policy (i.e. family, aged, health etc.). Social policy is conceived as generalized modes of orientation, which embody legitimate ends and direct actions in certain channels. Norms constitute the rights (i.e. obligations) which indicate how values are to be realized (i.e. public laws; cultural and religious beliefs). Social values viewed within the context of normative theory is explicitly linked to the authority of the state's perceptions on desirable ends. It poses certain normative dilemmas, if not value conflicts, such as the primacy of family autonomy and the legitimate authority of the state.

As a generalized mode of orientation, family policy can become an umbrella of an array of policies providing social benefits across the family life cycle. Implicitly and explicitly these policies are designed to strengthen and reinforce family life and structure direct government action. Implicitly, they are expected to facilitate family life (i.e enhancement of family stability and well being) and explicitly, serve a public purpose in avoiding a family crisis as a societal problems of social disorganization. In this latter function, it has been argued that the state can use "family policy" as a mechanism for social control. For example, policies that encouraged fertility to supply the nation with more children, as was experienced during the reign of the USSR. In this view, what is labelled family policy is in reality population control as in China.

The State's promulgating societal family values (i.e. top/down policy) is one dimensional and leads to solving the wrong policy problem when the right one should have been chosen (i.e. error of the first kind). Similarly, the state's specification for service delivery of family policy acquires parochial values and idiosyncratic norms manifested in families that become a basis for all other ensuing legislation (i.e. error of the second kind). An application of a cyclical model in the a totality of a human and social experience explicates the real world associations between systems and within different systems and more importantly, avoids errors of the first and second kind in that it characterizes a closer approximation of reality.

CHOICES IN THE STRUCTURAL DIMENSION TO SOCIAL POLICY

It can be said that the structure to family policy comprises three multi-functions: macro-level social policy planning and development, meso-level social program planning and management and micro-level social project planning and operations. If taken analytically and as separate entities as for example macro-level is a normative function; a

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meso-level is a structural function while a behavioral is a micro-level function, each dimension is a unique and distinct function subject to mainstream statistical analysis.

In contrast to the cultural prerequisites inherent in families (or any other substantive area) noted in the normative dimension, a structural dimension seeks the functional requisites necessary for a preservation and maintenance of family norms and values. This is exclusively a social institutional function in which agencies, organizations and associations establish the patterns and relations necessary for implementing social allocations and social provisions. A unified approach to family policy means that an entire range of government action in one way or another impinges upon a family. Taken alone, a structural dimension is all inclusive and hence, a concept of family policy becomes too broad yet circumscribed to be meaningful (Welensky, 1985).

Data from these variables can be isolated for statistical analysis and become the basis for macro-level variable-oriented research in a comparative method (i.e. two societies). A variable oriented policy research approach is less concerned with causation and the dynamics of specific outcomes (i.e. finality) and more concerned with the correspondence within and between a systems' functions especially in theoretical conceptions of comparative methods: in multi-level systems in a macro/meso/micro horizontal and vertical transfer of social phenomena. A case oriented strategy is comprehensive in comprising the multi-level functions in social institutional arrangements. It concurrently is expected to integrate the normative and structural variables in family policy development and production.

Massive normative/structural changes have a corollary impact upon the overall micro-level functions necessary for preserving and maintaining families. For example, major changes have been discerned in a high degree of social mobility from rural, suburban to urban (i.e Russian population migrations to Moscow and St. Petersburg and in China from the villages to Shanghai and Beijing): the creation of a new social "scientific class" in special accolades in Russian cities and a managerial class in the privatization movement in China: societies focus upon the "hard sciences": opportunities in education and employment for women scientist and technocrats. These events and occurrences impact upon family structure.

For example, these social changes have resulted in less reliance upon extended family: opportunities for advancement in employment for both spouses especially women who gain economic independence and "less" value more children have on the well-being of a family. The USA and Russian government response to normative changes in family families through structural changes in resource allocations as for example in family benefit packages and family medical leaves. This would be viewed as an empirical generalization derived from the subjective meanings given to family values in development by a practitioner in associations discerned in practical production (i.e. service delivery).

BEHAVIORAL CHOICES AND IN A CYCLICAL POLICY MODEL

A behavioral dimension is concerned with the variables of motivation, perceptions, learning and adaptation and relies heavily upon generalizations, inductively derived. A case oriented strategy s major goal attempts to see how normative values are embodied within and between different families in the same or different systems.

Hence, in spite of comprehensive social programs and services designed to "strengthen and reinforce families", complex systems (USA/Russia) experience high levels of divorce, increasing number of abortions, acceptance of extra marital sexual activities, variations in family constellations and the usual psychosocial problems associated with children in contemporary society (i.e. child and sexual abuse, delinquency, teenage pregnancy etc.).

A family crisis was associated with the changing nature of roles, relations and responsibilities of spouses in and outside the home. An increase in options, especially among women in society, has changed traditional family norms, values and structure. Development toward an autonomous family progressed takes precedent over plans to "reinforce and strengthen" traditional family values by increasing material benefits. These changes in individual behavior are moving families from a traditional and collective conceptions to the autonomous family (Imbrogno, 1989). It is an irreversible inductive process to understanding family policy development.

Variables intrinsic in all three dimensions constitute the elements of choice which when can be isolated for more detailed analysis before convergence in a case oriented strategy. This later event introduces a critical observation. When a substantive area undergoes a cyclical policy analysis in a mutual interactive process (deductive/development, inductive/production), the formulation of the social policy goals (i.e. the desired end state to a problematic situation) and the objectives of policy in production (i.e. means to solving a problem), transform the original problem to a solution on a higher level of inquiry.

A case oriented strategy with its views toward causality and finality can readily anticipate that changes will take place in the original problematic situation that created the need for policy.

If it accepted that the normative dimension is focused upon conjecturing desired states (ends); that the structural is focused upon projecting feasibility (means) in human, material and social resources as a program undergoes operations and the behavioral on actual applications: than a case oriented strategy is responding to the dynamic, turbulent processes of policy. In a case oriented methods, these dimensions are interrelated and interdependent to more appropriately confront the inevitability of social change.

It is a formidable task to succeed at integrating the normative pursuits; knowledge foundations and methodological directives of the social sciences, various professions and areas of studies in the humanities no less through a unified social policy conception. However, if realized, it would represent a major breakthrough in a global perspective that creates a multidimensional practice for social policy analysis and development.

SUMMARY

This analysis indicates that the theoretical status of the comparative method in social policy is in development and that a global perspective itself, as a substantive area for research is in the formative stages. A case oriented strategy as a comparative method was

LESSONS FROM LIBERALIZATION: THE CASE OF INDIA

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Lessons From Liberalization: The Case of India

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ABSTRACT

This paper reviews the liberalization attempts made by India during 1966, 1977 and 1985 and the factors which checked the success of the reforms. The latest attempt initiated in 1991 has also been outlined.

The success and support for liberalization policies depend on the supply response generated by the reforms and are adversely affected by restrictive domestic regulations, inefficient public enterprises, investor skepticism regarding reforms and inadequate institutional, infrastructural, managerial and entrepreneurial capacity in the reforming country. Policy formulation regarding the economic tools to be used will therefore have to take into account the country specific conditions which bring out the importance of country specific studies.

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LESSONS FROM LIBERALIZATION: THE CASE OF INDIA

by Aneesa Ismail

INTRODUCTION:

India has been referred to as a 'caged tiger' and 'a miracle waiting to happen' (The Economist,1990,1991). This is because since independence, its economy has been strangled with regulations. India adopted a strongly inward oriented growth strategy where industrial and trade policy were used to favor domestic production and markets against imports and exports. This was done with the multiple objectives of promoting growth with social justice, small scale industries, industrialization of the backward regions and to conserve foreign exchange for only the essential imports. The end result of this policy has been a low level of growth of 3.5%, illustrating that growth cannot be achieved without policies which promote efficiency.

In June 1991, India adopted a major reform package to deregulate its economy and integrate itself with the global economy. The recent reforms are attracting worlwide attention as India has the potential for achieving high growth rates and making important contributions to the world economy. Some of the factors that are in Indias favor are: it ranks among the top ten industrial nations even though seventy percent of its people are farmers, it has a democratic form of government, a well developed cadre of civil servants (a legacy of the British rule) and the third largest pool of engineers and scientists. What is most attractive for foreign direct investment however, is that it has a large market with a middle class of three hundred million and a flourishing private sector which needs to be given more freedom.

Prior to the 1991 reforms too, India has been slowly and gradually trying to reduce its restrictive policies with respect to trade and industry. These have not been widely acclaimed because their modest and ad hoc nature have not had a sufficiently large impact on the global economy. This paper presents a brief comparative analysis of the modest attempts at liberalization made by India where liberalization means any movement away from government control. Then, in the light of the evaluation we briefly outline the latest attempt at reform.

Survey and Evaluation of the Liberalization Attempts in India:

India's first movement towards reform was in 1966 which was subsequently reversed in 1968. From 1977 onwards it has made a slow and gradual attempt at liberalization with an intensification in 1985 which soon lost its momentum. The latest liberalization package of July 1991 has however given a new boost to the reforms.

The 1966 liberalization was very modest. It was mainly in the nature of a devaluation which was undertaken in the background of an overvalued exchange rate, high import premia and mounting export subsidies. The expansionary public expenditure policy and fixed nominal exchange rates during the

1950s and early 1960s led to inflationary pressures and a growing trade deficit which needed to be corrected.

The motivation for the devaluation was primarily to bring about an adjustment in the parity due to the overvalued exchange rate and secondly it was done to satisfy the Aid India Consortium's conditions to obtain a loan. The nominal devaluation was 57.5% but the real devaluation was about 30%. An extensive analysis of the 1966 reform has been done by Bhagwati and Srinivasan (1975).

The net impact of the devaluation on export of primary goods however, was negligible but there was a mild improvement in the non primary new exports. As the suspension of export subsidies were replaced by cash subsidies and import replenishment schemes, there was a gain in exports of the non traditional sector like iron and steel, engineering goods and chemicals. But the increase in exports was brought about at the cost of efficiency in export promotion (Bhagwati & Srinivasan, 1975).

The devaluation and reforms which were planned could not be sustained primarily because of the dependence of the Indian economy on the agricultural sector. The good performance of the agricultural sector is vital to generate an adequate supply response which is necessary for the success of a reform. However India had one of the worst droughts in 1966, which resulted in high prices and shortages. The high prices were however, blamed on the devaluation by the opponents of the reform. Secondly, the aid which was promised by the Aid India Consortium was not forthcoming. Therefore the reform was reversed in 1968.

Therefore the 1966 attempt was a weak, partial and temporary move, and did not realize the objective of reforming the trade and balance of payment situation. It was implemented at a time when the balance of payment situation was weak and it could not be politically or economically sustained as it did not have the consensus of the people. Further funding which is an important element to sustain reforms was not forthcoming.

The 1977/78 reform was undertaken in a background of declining industrial production and obsolete technology. The objective was to ease the supply situation of imports of non competing inputs used by domestic industry. The reform was feasible because of increased foreign exchange reserves as a result of increased exports to the oil exporting countries and the increased worker remittances from abroad. By 1976/77 the foreign exchange reserves had been built up and this was inspite of the increase in expenditure on petroleum prices.

These reforms started a period of slow but sustained relaxation of import controls with the exception of 1980-81 when they were tightened (Pursell, 1992). There was an increase in the number of items of imports on the Ordinary General Licensing list (OGL-which refers to quota free imports) and an absolute decline in the number of items on the restricted list.

The objective of the 1977 measures was to improve the level of efficiency in industry but the result was a decline in economic efficiency. Since the liberalization was selectively focussed on the import of capital goods, raw materials and intermediate goods the variance in incentives grew. Therefore this measure did not contribute towards reducing the distortions in the economy but continued to give the wrong signals to the allocation of resources. Since consumer imports were still banned this policy created a bias in favor of producing non essential goods because they had strong protection, and reduced incentives for producing capital goods which could be imported. This created a paradoxical situation as the aim of the industrial policy was to promote the development of essential industries like capital goods, electronics, steel, chemicals, fertilizers etc.(Wolf, 1982). In fact though firms had more access to imported intermediate imports they were still facing domestic constraints in the form of the industrial policy. Thus trade liberalization as it took place in 1977/78, in the absence of domestic policy reform might have been slightly harmful to organized manufacturing (Lucas, 1989).

The 1985 attempt at liberalization aimed at freeing the Indian economy from some of the domestic and international constraints and was the most comprehensive of the attempts made by India. They were introduced by the new government under Rajiv Gandhi which had just won the elections and the chances of its political sustainability were greater. It was perceived that the government was now in the hands of technocrats and not bureaucrats. However after first being introduced in 1985 the reforms did not receive a new impetus as the government got diverted by other pressing political issues.

The 1985 policy liberalization was specifically focussed on (a) facilitating capacity creation, (b) stimulating output expansion and (c) removing procedural impediments (d) increased emphasis on export promotion with the introduction of import licenses, duty drawback schemes and cash compensation schemes (e) devaluation of the rupee.

Thus the focus was on domestic industrial liberalization, aimed at strengthening the more efficient domestic firms and encouraging them to invest and expand with the objective of introducing more competition. Internal liberalization was accompanied by a policy of maintaining a sufficiently open access to imports to permanently modernize and technically upgrade Indian industries which in turn would reduce costs and promote international competition. Foreign trade liberalization was aimed at switching from quantitative controls to tariffs and but still did not include imports of final goods. The question of privatization of the inefficient public sector was not considered and the focus was on management and institutional reform to improve efficiency. The pace of the reform was slow to enable the system to respond.

Impact on Productivity: As a result of these reforms the value added in manufacture increased by almost 8% between 1985 and 1989. This is due to greater efficiency as a result of the decline in the incremental capital output ratios (ICORs) for manufacture. Since capital and labor inputs in manufacturing grew at the same rate or even slower in the 1980s than in the 1970s, the growth rate in manufacturing reflects higher factor productivity rather than higher input growth and can be due to the increased access to capital goods resulting in upgraded technology (UNIDO,1990).

Impact on The Stock Market: Policy reform also created new incentives for equity and debenture issues, thereby creating a substantial source of investment and reducing the dependence on public sector financial institutions. From 1981-87 the number of companies listed on Indias' Exchange increased from 2,114 to 6,017. The total number of investors jumped from one million in 1980 to sixteen million in 1989. This development in Indias capital markets have facilitated the increase of new entrepreneurs (Echeverri and Gent 1990).

Impact on Effective Rate of Protection: However the objective of import competition was not achieved as the nominal tariff and protective tariffs remained extremely high. The liberalization of quantitative restrictions and tariff reductions have applied mainly to equipment and materials not produced in India, and maintained where there is domestic production. This is why it is important for the domestic and trade liberalization process to be a simultaneous one.

The increase in tariffs led to a reduction of imports and less pressure on licenses in allocating foreign exchange but increased the variability of the effective protection available from the regime. Thus protection for the industrial sector does not seem to have declined by a significant extent. Further the deregulated domestic investments continued to gravitate towards the highly protected industries and the prices of manufactured goods continued to be higher than their imported counterparts by about 15%.

Impact on Industrial Output: The liberalization policy improved the character and environment for manufacturing activities. But the heavy initial capital outlays increased the breakeven points of industries and reduced their profitability leading to "industrial sickness". The fall in the share of value added in gross output from 23.2% in 1975 to 18.6% in 1986 is indicative of the escalating input costs. These high costs in industrial production adversely affected price competitiveness of products. Imported inputs became increasingly expensive as a result of the fall in the value of the Indian rupee against key currencies. Further in order to generate internal resources for oil exploration and exploitation and to slow down the consumption of petroleum products, the pricing of petroleum products distort the cost structure and ignore the relationship between costs and profit margin which act as a disincentive for industrial production.

Impact on Exports: The response of Indian exports to the incentives announced in the 1985 policy reform were disappointing. The lag between the announcement of policies and their implementation, policies being product specific rather than general, no firm policy announcement regarding the exchange rate regime to ensure consistency for the maintenance of profitability of the export sector and the difficulty of creating a free trade environment in a protected economy, specially with the constraints on imported inputs and the high cost of domestically produced inputs are some of the country specific factors responsible for this.

As high levels of protection still persist, constraints are imposed on the incentives for exporters to prevent the diversion of their benefits for domestic production. Therefore the bureaucratic procedures to be followed before the incentives become available to the exporters along with low rates of profitability in the export market, increase the bias towards the domestic market. Thus, inspite of the devaluation of the rupee and incentives given to exports the liberalization effect on exports is found to be insignificant.

Further measures that need attention:

Having evaluated these three attempts at liberalization, this section examines what further measures need to be implemented for a liberalization to create a greater impact on growth and the global economy. We will then outline the 1991 reforms which have tried to satisfy some of these requirements.

Role of Exports and Imports: Looking at the successful experience of Korea we find that it followed a policy of liberalizing exports first and only after becoming efficient in industry, it relaxed import controls. Therefore Korea used exports as the instrument for injecting higher efficiency standards in industry. However this strategy might not work in the case of India, as imports are needed to modernize and rationalize the production process to become more efficient and to produce exports to meet the quality standards of the global markets. Therefore in the case of India imports will be a more important vehicle for the transfer of technology and removing bottlenecks in the economy with respect to critical intermediate and capital goods.

The success of both Korea and Chile on the export front which helped sustain their reforms is due to the fact that their exports grew along the lines of comparative advantage. In Chile both producers and consumers became aware of the benefits of liberalization and there was an increasing consensus towards reform. In Korea the government put increasing pressure on all industries to export, including infant industries. In the case of India, however, the pattern of exports was oriented towards capital intensive techniques using scarce capital goods primarily for the middle east market which is not quality conscious. Therefore India will have to reorient its export strategy and exploit its areas of comparative advantage.

Other Measures to improve Balance of Payments: Foreign exchange reserves can be improved by encouraging foreign direct investment. Growth in the 1990s will be increasingly driven by foreign investments. For this India will have to relax its requirement for foreign equity ownership which was

40% and reduce bureaucratic controls. Countries like Chile, Columbia, Indonesia and Korea attracted commercial financing by their willingness to undertake comprehensive adjustment programs. India too will have to attract external capital flows. Over 70% of trade and most technological innovation is now generated by transnationals and India may be left behind technologically, and the competitive gap increase, if the economy does not integrate more into the world system. Further a lot of Indian entrepreneurs have started investing abroad as a consequence of government policies which have encouraged dynamic Indian firms to choose between growth restriction at home or expansion abroad. Some firms, to increase their competition have been forced to invest abroad in search of better quality and abundant supply of inputs. Therefore favorable policies at home might prevent this flight and encourage them to invest in India.

Another potential which needs to be tapped by India to add to its foreign exchange reserves is the remittances of the non resident Indians. It has to create attractive opportunities for them to invest their funds in India, and this could be achieved once again through a proper exchange rate policy and a commitment to a policy of liberalization. Remittances from non resident Indians have played a very significant role in contributing to the foreign reserves as evidenced by the fact that while other developing economies were facing the debt crisis India was able to escape from it on account of the increased remittances from abroad.

However the important requirement for the flow of foreign capital in whatever form, will be a stable political and economic environment where the expectations generated will be one of sustained reforms with no reversals.

Role of complementary factors: Manufacturing has become increasingly globalized but low labor costs, of which developing countries can take advantage of, cannot be depended upon to be the only factor to help them compete internationally. Therefore in the case of India too it will become necessary to improve education and skill levels of the work force to absorb the changes in technology, product mix and work practices. For example when looking at the competition between Britain and Japan, where wages were more or less similar Japans superiority came from modern production facilities. Its superior infrastructure, production equipment and management in the case of textile companies in the 1960s made it difficult for Korean and Taiwanese textile companies to compete given low wages. Therefore they had to use subsidies to offset Japans productivity (Amsden,1991).

Thus low labor costs are no longer the sole determinant of attracting transnationals or the sole criterion of competitive exports. Other factors also have to complement low labor costs. For example in Korea the other factors that contributed to its success were the favorable initial conditions which were an egalitarian distribution of assets and a high level of education. The socialistic policies adopted by India were to promote an egalitarian society but the policies followed have failed in their attempt. Thus the government should devote its attention to the development of institutions which will promote an egalitarian society and improve literacy levels to provide the conditions for a successful market economy.

Role of the Public Sector: The public sector has helped build a diversified industrial structure and has provided the economy with a strong base. However considering that India has a strong and vibrant private sector,its role needs to be broadened. The role of the government should be to provide the private sector with the complementary infrastructure and build up the necessary supportive social, institutional and legal framework suited to the needs of an market economy.

A large part of public expenditure goes towards supporting sick and inefficient public enterprises, as the goals of the public sector are diverse and are not restricted to efficient production. Therefore the reform package should include the gradual privatization of the public sector to improve efficiency. This will be one of the most difficult tasks before the government as India has strong labor unions. Therefore, talk of privatization without any plans to relocate the large number of workers that will be unemployed will lead to a lot of opposition to reforms.

Role of Agricultural Sector: Agriculture plays a very important role in the Indian economy. The World Development Report 1991, has found that countries which have a strong agricultural base are able to sustain higher levels of growth and productivity. In the case of India too the experience of 1966 shows how important a successful agricultural season is for generating the right support for reforms. Therefore efforts to strengthen the agriculture sector and make it independent of the monsoons by investment in irrigation projects and building up of stocks of grains should strengthen the base for sustainable reforms by keeping the price levels in check.

Summary of the Three Attempts: Thus we see that the 1966 attempt at liberalization brings out the importance of timing in the implementation of a reform. It was not sustainable and had to be reversed basically due to wrong timing. Countries which rely heavily on the agricultural sector or agriculture based exports should avoid devaluations prior to a harvest as the impact of a bad harvest could be blamed on the devaluation. This is precisely what happened in India. Politically also it was wrongly timed as it was the pre-election year and as soon as prices rose the government reversed its policies because it could have an adverse impact on the elections. Therefore there was no strong commitment on the part of the government to the reform. Further the devaluation was seen primarily as a result of the pressure from the Aid India Consortium and the consensus was that the government was weak and succumbing to outside pressure. When the aid which was promised did not come the liberalization measure lost respectability and was reversed.

The 1977 liberalization policy was not implemented under conditions of duress but started from abundant foreign exchange reserves. It was partial in nature and consisted mainly of easing the constraints on intermediate imports. In the 1977 reforms the objective of import competition was not achieved as the nominal tariff and protective tariffs remained extremely high (the basic and auxiliary rate averaging 117% in 1989-90). It did not cover the domestic sector and effective use of the exchange rate was not made. Between 1977 and 1980/81 the nominal exchange rate increased and only after 1980/81 did the rupee-dollar value fall.

Though the 1985 reforms did attempt to bring in technological changes and reduce the domestic constraints on industry, we find that the control system remained largely intact with the government still being in control of the decision making process. There was no move to rationalize the exchange rate system or to increase foreign direct investment by increasing the equity levels.

The success of a trade liberalization ultimately depends on how effectively international prices are reflected in the domestic economy through imports. In the case of India however this was not so because imports continued to be curbed. Therefore a new structural adjustment of industry could not occur with a new relative price system as distortions continued.

It was keeping the above failures of the previous reforms in mind that the 1991 reforms were undertaken by a new government soon after elections.

The 1991 reforms: Prior to the June 1991 reforms the economy was in a state of crisis. The fiscal deficit was at 8% of the GDP which led to a sharp increase in public debt and an increase in interest rates. As a result the current account deficit was also high. The debt service burden increased from less than 16.5% of current account receipts in 1985-86 to over 21% in 1989-90. Monetary expansion also fuelled inflation to a rate of 16.7%. Indias external debt was nearly $80 billion, the third largest in the world, and foreign exchange reserves were precariously low at Rs.25 billion.

The reform strategy was aimed at achieving the following objectives over a five year period:

* a liberalized trade regime characterized by tariff rates comparable to other industrializing developing countries and the gradual elimination of discretionary import licensing (with the exception of a small negative list);
* an exchange rate system which is free of allocative restrictions for trade;
* a financial system operating in a competitive market environment and regulated by sound prudential norms and standards;
* an efficient and dynamic industrial sector subject only to regulations relating to environmental security, strategic concerns, industrial safety, unfair trading and monopolistic practices; and

* an autonomous, competitive and streamlined public enterprise sector geared to the provision of essential infrastructure, food and services, and the development of key natural resources and areas of strategic concerns.

Thus the new package introduced by the government under conditions of duress involved realigning the exchange rates, devising a strategy to keep the fiscal deficit in check and a series of trade, industry and monetary policy initiatives directed at attaining medium-terms stabilization were proposed. The 1991 reforms expanded the role of the private sector by opening new areas for private sector participation, including air transport and power generation which had suffered under the public sector due to lack of resources. The only areas out of private control are the defense industry, energy, rail transport and mining. The government was willing to sell 49% of its shares in state owned companies to increase private sector participation. Industries can now produce as much as the market demands. It also removed investment control on large business houses and started a policy of welcoming foreign direct investment.

The foreign equity holdings have been increased from 40% to 51% and the Foreign Investment Promotion Board was set up to cut down red tape for speedy handling of investment proposals. The Foreign Exchange Regulations Act (FERA) has also been virtually dismantled. The import tariffs were reduced from 150% to 110% and in the case of capital goods from 80% to 60%. Gold imports were legalized, and foreign participation was encouraged in oil and allowed foreign pension funds to invest in Indian shares. As a result of these policies in April 1992, the Reserve Bank of India had cleared over seventy cases with foreign equity of over $100 million dollars, and the Foreign Investment Board had cleared 14 cases with foreign equity of over $300 million.

Conclusion: The reforms that are taking place in India are in the right direction. India has been learning from its past mistakes and is gradually opening up areas which had previously been tightly controlled. Increased role for private sector, increasing the foreign equity shares, reducing bureaucratic controls, removing controls on foreign exchange on the trade front were some of the areas which had not been dealt with by the previous liberalizations.

With the collapse of the Soviet Union on whose model India framed its growth strategy and with other developing countries adopting reforms to become part of the global economy, India has no option but to follow. Further with a new generation of industrialists and consumers now entering the market there seems to be an increasing consensus and support for the reforms. However, some of the challenges yet to be met are the reform of the labor market, financial market, agriculture and government finances.

Thus if after the stagnation of 1985s reform, the 1991 reform is sustained and intensified, then, India, with its vast population and relative under-performance, could provide the world's most spectacular industrial growth in the 1990s.

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VIEWING CHILD MALTREATMENT CROSS-CULTURALLY

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VIEWING CHILD MALTREATMENT CROSS-CULTURALLY

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Attempts to compare caretaker behaviors toward children cross-culturally are recent developments which are fraught with stumbling blocks because of the fact that different cultures have unique perspectives regarding what constitutes prosocial behaviors, period.

This should not be considered surprising because child maltreatment was first identified as a social problem in the United States in 1961 after the publication of an article in The Journal of the American Medical Association by C. Henry Kempe. In many countries of the world it is still not recognized as a problem and there is widespread recognition of the difficulties in defining it, in a way which has relevance cross-culturallly. Korbin (1980), an anthropologist who has done extensive study of ways in which children are treated in many parts of the world, characterizes it is impossible to establish an international standard of sanctions against child maltreatment on an universal basis. She identifies three reasons why this is the case:

(1) There are practices considered as acceptable in one culture that are perceived as abusive or neglectful by another such as painful initiation rites and induced bleeding and vomiting.

(2) Different cultures may define what constitutes abuse and neglect in idiosyncratic ways.

(3) Conditions in society such as poverty, poor health care, inadequate housing and nutrition, unemployment and incomplete infrastructures must be considered separately from the first two categories. (Korbin, pp.4,5)

Just defining what constitutes maltreatment of children in one nation is a difficult task in and of itself. In the United States maltreatment is generally used as a category which includes four specific types. These are: (1) physical abuse, (2) sexual abuse, (3) emotional abuse and (4) physical neglect. It is agreed by experts in the field of child protective services that in the first three categories there are caretakers who are perpetrating inappropriate behaviors toward a child or children who have been entrusted to their care. In reference to the latter type, physical neglect, however, there is a lack of definitional clarity which hampers its detection and prevention. Specificly this relates to the fact that there has been recognition by Rycraft (1990), for example, that there is separation of this type into the subtypes of what is poverty-related neglect and what is neglect due to omission on the part of the primary caretaker.

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CROSS-REGIONAL COMPARISONS

Another level of exploration in regard to dealing with a phenomenon such as child maltreatment can take the form of contrasting what goes on in just one region of the world. Because the country of the writer is the United States, looking at divergent policies in the Western world directed toward regulating adult behavior toward children is of considerable interest. The United States and Canada are the only two nations which have laws mandating that certain people who are likely to become aware of suspected maltreatment because of contact with children in their jobs, report what they have observed to the authorities or face the consequences of a misdemeanor. Child maltreatment has not been found to be a major problem in the Scandinavian countries. Vesterdal (1979) has listed four reasons why he believes this to be true.

(1) The social conditions are generally good.
(2) There is widespread use of contraceptive measures and of free abortions so that unwanted children are not likely to be born.
(3) Many mothers work and leave their children in governmentally sponsored day care programs.
(4) Premature babies are kept in neonatal units until they have attained a certain weight. (Vesterdal, p. 194)

Other factors which might help to explain the appreciable differences in maltreatment in Sweden and the United States include the fact that capital and corporal punishments are both illegal in Sweden and legal in the United States. Capital punishment has been illegal in Sweden since 1952 and corporal punishment since 1979 (Gelles and Edfeldt, 1986, p. 502). The social philosopher, Joel Feinburg (1973) would attribute the contrasting policies to the fact that in the United States greater emphasis is placed on the "freedom to" behave as one sees fit whereas in Sweden and the other Scandinavian countries there is greater concern with "freedom from" hunger and maltreatment and so forth. (Feinberg, pp. 9-11)

Denmark has a highly developed child advocacy system through which prevention is stressed. There are local organizations of lay persons who serve as Child and Youth Committees whose job it is serve as watchdogs within their communities (Wagner and Wagner, 1976)

INTRACOUNTRY CROSS-CULTURAL COMPARISONS

Another level of considerable interest is the differences if any in the incidence of child maltreatment among different racial and ethnic groups in a given country. For instance, in the

United States, there have been few studies in this area and the results have been contradictory and inconclusive. One factor that seems to explain the relatively low incidence of child maltreatment among the Native-Americans is the sense that there will always be back-up systems within the reservations to oversee the children when parents are not able to care for them or abdicate their responsibility (Cohen, 1992). Leung and Carter (1983) and Lindholm (1983) found that White parents were more likely to leave bruises and inflict fractures on their children. Hampton (1987) concluded that in his sample, Hispanic-Americans had a higher rate of sexual abuse than the White and African-American parents. Another finding was that physical neglect was the most common form of maltreatment among all the Ethnic groups studied.

FUNCTIONAL DEFINITIONS

Finkelhor and Korbin (1988) have focused on the problem of trying to define child maltreatment in a way that is functional cross-culturally. This is their definition:

> "Child abuse is the portion of harm to children that results from human action that is proscribed, proximate, and preventable" (Finklehor and Korbin, p. 4)

This definition is seemingly applicable in cases of emotional, sexual and physical abuse and cases of physical neglect that can be attributed to human error. However, it does not encompass the kind of child neglect that is due, for example, to the inattentiveness of governments to poverty. One area that needs to be fleshed out in their definition is the term "harm" as, obviously, practices which are engaged in by certain cultures are considered to be in the best interests of their children whereas outsiders would evaluate these as harmful. The Levines (1981) pointed out that:

> "Child abuse and child neglect are properly seen from an anthropological perspective as categories indigenous to the West which arouse public condemnation here and have recently become matters of grave public concern. The use of these terms presumes our culture's contemporary standards of care for children. Since the standards of Africans differ from ours in some respects, we may expect to encounter the usual problems inherent in using one culture's criteria to classify behavior in another cultural context. For example, in the 1950"s and early 60"s we found the force-feeding of infants to be a common practice in certain parts of Kenya and Nigeria;....."(Levine and Levine in Korbin, p. 36)

CONCLUSIONS

It is absolutely essential, thirty years after the identification of child maltreatment as a social problem in the Western Hemisphere, that researchers in several disciplines who are concerned with this issue seek to broaden their awareness of the global implications of this phenomenon. There is so much information yet to be learned about cross-cultural comparisons of childrearing practices that it seems accurate to assert that we have just begun to uncover the tip of the iceberg in our understanding of this matter. As indicated in this paper there are a number of different related issues that are in need of description and exploration. Some major ones are the following:

(1) Cross-cultural comparisons in reference to child maltreatment demand much better definitions than have been forthcoming thus far. Although Finklehor and Korbin (1988) have done seminal work in this area.

(2) Cross-regional comparisons provide amazing contrasts in and of themselves.

(3) Variations in Ethnic group practices are a potentially rich area for further investigation.

The work that has been done has led to increasing understanding of childrearing practices throughout the world but there is clearly much more to be learned.

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CONFUCIAN QUIET-SITTING:
ALTERNATIVE PATH TO HOLISTIC HEALTH

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Confucian QUIET-SITTING : Alternative Path to Holistic Health

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Introduction

In the midst of economic miracles in the East Asia for the first time in 1976 the writer defined this area as the "Confucian cultural zone", [1] including China, Japan, Korea, Taiwan, Vietnam, Hong Kong, and Singapore. This Confucian cultural zone became the hot topics for news of the world among scholars, politicians, and business circles, with various terms such as Confucian boom, Confucian renaissance, Confucian alternative, etc.

At that time, a Japanese Confucian scholar asked himself a crucial question in his work on Confucian quiet-sitting: [2] What is the universality of Confucianism which can contribute to the people of the world? and then he answered himself saying, "It is the Confucian ren, the universal love or humanity which unites the myriad of things and is profoundly rooted in the universal will, and one can experience it only through Confucian quiet-sitting. In other words, the ren is the source of creation and operation of life which binds harmoniously family members in a narrow sense, and also unifies peacefully the world community in a broad sense.

The purpose of this paper is to find some meaningful solution through Confucian Quiet-Sitting to the pressing problem of the mental health we are facing in America today. In order to achieve this purpose, first, to analyze and compare the concepts of human relations in the West and East. Second, to investigate the mental health problem related to human relations in American society. Third, to discuss the Confucian Quiet-Sitting as a preventive, holistic, and alternative path to the healthy living, which may be helpful to improve the mental health in American society.

I. Concepts of human relations in the West and East

In the West sometimes the concept of human relations has been interpreted in an extremely narrow, monolithic, and one-sided way. For example in the Western theology, the relation between God and man has been overstated with **homo ruinosus,** in which man was born as a sinner, living lonely with a heavy cross, and always looking for a savior. Actually this relation has lasted throughout the Western history ignoring the importance of relations among men. As a result the history of human relations is very short in the West, and it may be shorter than one hundred years. The development of science and technology gradually polarized the "god and me" relationship as an object-subject antagonistic relation. Now people in modern society consider themselves as almighty gods, and brought in new concepts of human relations. Nevertheless, their foundations are indescribably limited. For instance, in human relations from the economic aspect, Marx assumes that man is by nature driven primarily by the wish for economic gain to preserve oneself. Thus **homo**

economicus has simply economic needs that find their mutual satisfaction in the relations among men in the exchange of goods on the commodity market. Likewise, in the aspect of human relations between man and woman, Freud assumes that the needs of **homo sexualis** are physiological and libidinous, and normally are mutually satisfied through the sexual relations between them. That's all they need to explain the human life. For them in the economic and sexual aspects, in such a society, there are no other human relations involved. Thus human beings are strangers, isolated and alienated to each other, but related religiously, economically, and sexually only one at a time.

In contrast, in Confucius' society, the concept of human relations is different from the Western way of thinking. There is no man in abstract, but in concrete. There is no single human being, but man exists among men. When man is without other persons, he or she does not exist. Therefore, men exist in the human relations as the five relationships. It is interesting to mention that throughout the Confucian cultural zone, the word for human being is the single term without sexual distinction between man and woman. It is expressed as ren in Chinese, hito in Japanese, and saram in Korean. Human beings are religious, economical, sexual, political, social, and cultural. They are all in one, an inseparable one. If any of them is separated from the other, it is a deformation of reality. Confucianism in general stresses the need for obliterating all distinction between the ego and the non-ego, in order thus to bring the individual into oneness with the universe. That is the human relation of ren, that is, love, or humanity. Human relations are based on the concept of **homo amans,** which expresses the wholeness of a human being, and cannot be divided into pieces such as **homo ruinosus, economicus**, and **sexualis**. The different concepts of human relations in the West and East will be an important research topic in the post-industrial societies.

II. Human relations in American society today

Last fifty years in America, William H. Whyte observed the human relations as organization man.[3] David Riesman called the organization of men and women "the other-directed lonely crowd."[4] Erich Fromm's conception of the typical person is the "marketeer." [5] In socioscientific terms they become alienated, there is lack of touch among most persons, and absence of affection in both intra- and interpersonal relations. Americans are so cold, and isolated, that no intimacy and warmth are found in almost all formal organization relationships.[6] Especially the situations in the 1960's in America which were well- described by Gustaitis as follows:[7]

> Something was dreadfully wrong with the state of the nation. A sense of wholeness, which healthy men and healthy societies have, was missing in urban America. Everything...was fractured, compartmentalized and contradictory....The spiritual hunger was aggravated, in the mid-1960's, by a growing awareness that the entire social-political structure was somehow out of control.

Marty also vividly describes in the following the people's desperateness for searching something spiritual: [8]

> In search of spiritual expression, people speak in tongues, enter Trappist monasteries, build on Jungian archetypes, go to southern California and join a cult, become involved "where the action is" in East Harlem, perceive "God at work in the world, " see Jesus Christ as the man for others, hope for liberation by the new morality, study phenomenology, share the Peace Corps experience, borrow from cosmic syntheses, and go to church.

Roof pointed out in his study that without much change of emphasis, these preceding words might unmistakingly apply to the boomer generation today. Its members are still spiritually open to this area and hunger for something spiritual. [9] It brought a radical change in the behavior of a significant number of young people in American schools . They resented their beliefs as an expression of the meaningless and emptiness of their society. However rich they were in the educational system and materially secured, they were bewildered by their loneliness and isolation.[10] They felt like drinking, shouting, singing, and becoming wild to fill up their emptiness.

Today the people around the world have looked upward to America as a paradise on earth. As a matter of fact, it is beyond doubt that America is an affluent and great society richer only in material things than any other societies. Nevertheless half of the beds in American hospital are occupied by mental patients. It is predicted that ten % of Americans will require psychiatric treatments for their mental problems sometime in their lives.

Toffler in his Future Shock further elaborates on these serious problems: [11]

> Despite its extraordinary achievements in art, science, intellectual, moral and political life, the United States is a nation in which tens of thousands of young people flee reality by opting for drug-induced lassitude; a nation in which millions of their parents retreat into video-induced stupor or alcoholic haze; a nation in which legions of elderly folk vegetate and die in loneliness; in which the flight from which masses tame their raging anxieties with Miltown, or Libriumm, or Equanil, or a score of other tranquilizers and psychic pacifiers.

These problems related to mental illness in American society are not caused simply by mental health per se but mainly by the bad human relations behind them.

III Human relations and mental health [12]

It is not easy to define mental health, because opinions even among experts in this field are diverse among themselves. However, K. E. Appel interestingly defines it in the Psychiatric Dictionary as "psychological well-being or adequate adjustment, particularly as such adjustment conforms to the community-accepted standards of what human relations should be. "[13] This definition fits into our purpose here the best, as it clearly indicates that the essence of mental health is related to 'human relations.' Many problems of mental health are caused by abnormal human relations. No matter of what social and ethnic origin one may be an individual, living in a community or in a society, requires certain clusters of psychological traits in order to function adequately. Most of these requirements are related to human relations, the contents of which, of course, vary with time and place.

In comparison with such simple and mechanical interpretations in the West, Confucian human relations based on the ren are more comprehensive and non-mechanical for mental health. In Oriental medicine, paralysis of the hand or the foot is described as buren, which is the contrary concept of ren in the physical sense. Confucianists commonly apply this concept of ren and buren to all human relationships. The man of ren unites with Heaven and Earth, and all things become one with himself. To him there is nothing that is not himself. On the contrary, the concept of buren is exactly the opposite to ren and becomes alienation. The ren is harmonious human relationship which promotes mental health. Therefore, in Confucian writings, physical health and mental health are inseparable, and both together make for the happy life and healthy society. The ren can be a holistic remedy for modern diseases. Thus the investigation of the experience of 'oneness with the universal ren' through quiet-sitting and its application to mental health may offer a considerable contribution to American society.

IV. Confucian Quiet-Sitting

How do abnormal human relations cause mental disease to prevail? It is usually caused by loss of equilibrium in the Dao-mind and harmony in the human mind. According to the Doctrine of the Mean, one of the Confucian classics, the mind consists of the Dao-mind and human-mind. While there are no stirring of pleasure, anger, sorrow, or joy, the mind may be said to be in the state of Equilibrium. When those feelings have been stirred, and they act in their due degree, there ensues what may be called the state of Harmony. The state of Equilibrium is called the Dao-mind, and the state of Harmony, the human mind. When the equilibrium of the Dao-mind and harmony of the human mind exist in perfection, then a happy order will prevail throughout Heaven and Earth, and all things will be nourished and flourish. Thus, human relations will be normal and perfect condition. In order to maintain normal human relations and to promote mental health, the practice of quiet-sitting may be helpful.

What is quiet-sitting? The term 'quiet-sitting' is a translation of 'jingzuo' in Chinese, 'seiza' in Japanese, and 'chongchwa' in Korean. There are many different translations in English for this term. According to Onishi, the 'seiza' means that:[14]

A person composes himself to calm his mind. Especially in China the

Dao(Confucian) Learning considered it as one of the methods for practical learning of Confucianism. Zhou Dun-yi interpreted it a "zhu-jing: fundamental for tranquility", but it actually began with the two Cheng brothers who definitely adopted the term "jing-zuo" as a method of Confucian learning. It is merely a method to practice spiritual cultivation by concentrating the consciousness which has been disturbed and has caused wavering in the daily life....

Anyway, the positive attempt of immediate experience of oneness with ultimate reality, that is the oneness of ren [love, humanity, or Dao], became the highest objective for Neo-Confucianism which prevailed from the Sung dynasty on, to challenge the overgrowing Buddhist and Taoist influence in Chinese society. Quiet-sitting has been classified into two types of spiritual experience. [15] The first type is gradual enlightenment which can be attainable through an **extrovertive** way with the 'jing' (seriousness) by suppressing all desires. Its goal is to reach the pure ego, the realm of li (rational principle) based on intellectual power by cultivating the human mind through ceaseless effort. The characteristic of this orthodox line, from Cheng Yi through Zhu Xi, is so cold, strict, and stern that rigorism may be its best description. This extrovertive method of quiet-sitting can be compared to attaining the state of human mind like 'still water'.

The second type is an **introvertive** experience which attains to the deep immediate experience of oneness with Heaven and man. It is the realm of the 'qi' (energy, or vital force), the source of the creation of life. Its characteristic is sudden, warm, natural, quiet, peaceful, but very powerful. Confucianists who advocated this line consist of Mencius, Zhou Dun-yi, Zhang Zai. Cheng Hao, Lu Jiu-yuan, and Wang Yang-ming. Since these scholars believed "Everything is already within oneself," the introvertive way could be experienced not through cold intellectual power but through intuition. When one attains to the goal, the whole body is full of compassion. Cheng Hao was second to Mencius in such an experience of sudden enlightenment. Chen Zian-zhang was another and later attained to an introvertive experience through quiet-sitting in his own way without exerting any forced effort, and mysteriously could see his own mind. At that moment, there was nothing internal or external, no beginning or end; Heaven and Earth, the whole universe lay within himself. [9] Still another one was Wang Yang-ming who strongly advocated an introvertive experience. He later experienced a great sudden awakening. through spiritual self-cultivation.

Whether it is an extrovertive or introvertive experience, in order to attain it, there must be a special method and technique everybody can master. It was Zhu Xi who contributed to develop the concrete method of quiet-sitting from what he had learned directly from Li Yan-ping, his teacher, and indirectly from the Cheng brothers. He eventually composed the famous "Admonition of Controlling Breath" (diao-xi-zhen) consisting of 144 Chinese-characters in rhyme as follows:[16]

> At any time and at any place, I look at the tip of the nose, I fall into a worriless and natural trance; that is, to reach the extremely quiet point, I breathe out as a fish in the spring swamp. At the time of reaching the extreme dynamic (active) point, I take a breath, and I feel as if countless worms begin to wriggle

> in a hibernacle. When heaven and earth are in active movement, one wonders about the endless mysteriousness. Who knows who is making such a wonder. It is nobody's concern to argue about it. I only concentrate on one thing, to reach harmony forever.

If one masters this secret of the breathing, he can unite with the universe when exhaling, and then the universe comes in to unite with him when inhaling.

This state of mind resulting from the Dao experience can be compared to becoming a mirror The cleaner the mirror, the clearer it reflects nature within oneself. Through quiet-sitting in the holy rite one finds the mind of Harmony and Equilibrium in the Universal Super-Consciousness beyond you and me, good and bad, time and space, returns to original nature, and experiences Dao to become oneself. Dao in original nature helps one become manifested without any display, produce without any movement, and accomplish one's ends without any effort. The Book of Changes says: they could make speed without hurry, and reach their destination without travelling. Thus with quiet-sitting, one can heal by oneself any sufferings resulting from abusing nature, e. g., smoking, taking drugs, overeating, etc.

In order to prove the effectiveness of quiet-sitting, we can give a few examples of the Dao-experience, by those who had been enlightened through the Dao-Experience in the following:

The first example may be the great transformation of Yan Yuan, Confucius' disciple. Yan Yuan one day informed Confucius of his progress of transformation. First he was sitting quietly, and he felt improving himself. Then, while he was sitting quietly, he began to forget the essence of Confucian virtues, humanity and righteousness. Finally he said to Confucius, "Sir, I sit down here and forget everything! I, smash up my limbs and body, drive out all perception and intellect, cast off all kinds of form, give up everything, and become myself identical with the Great Dao. This is what I mean by sitting down and forgetting everything, Sir!" Confucius was deeply moved and quietly approved Yan's successful transformation, "If you're identical with the Great Dao, you really are a worthy man after all! Dear!"

The second example may be Wang Yang-ming's dance at midnight. At the age of 37, during his exiled life, he experienced a great sudden awakening in the dead of night. Unknowingly he began to dance alone shouting. Thus his servants were shocked and worried. This enlightenment was to guide him throughout the remainder of his life.

The third example may be Gao Pang-lung's natural and plain experience. Gao Pang-lung described his enlightenment experience: At the moment, suddenly he felt lightened in his heart as if a heavy load of a hundred pounds had fallen to the ground off his back. All his thoughts suddenly disappeared. Then, he saw a flash of lightning through the pure substance. He was merged with the immeasurable changes of the cosmos, experienced himself united with Heaven and mankind. Finally, what he saw in the last moment was nothing but all his mind. It is a return to the tranquility of human nature, without a bit of intention or intellect. If even a single thought was added, the original pure substance may be lost. That is in the state of what Gao calls the naturalness or the ordinariness of the experience.

Conclusion

From the preceding discussion, if quiet-sitting is introduced it will benefit American society . First of all, it is a necessary and timely requirement. As a matter of fact, one-fifth of the total population in America have some kinds of mental problems, and sooner or later they need to consult doctors. However, the capability of doctors is not unlimited. According to Dr. Herbert Benson at the Harvard Medical School, only 25% of all mental diseases can be cured even with highly sophisticated modern medicine and technology, and the remaining 75% have to depend on some kind of belief systems or spiritual cultivation. [17] In other words, such systems not only can cure mental diseases, but can also create a happy life. Because of these reasons, American society is now experiencing a sudden and rapid growth in foreign cults and the expansion of their influence. Secondly, now the U. S. Congress has realized its necessity and began to act by creating the Office of Alternative Medicine in the National Institute of Health.[18] It should also not be ignored to mention the significant meaning of an article carried in the Washington Post that "Mental health care can reduce costs for physical illness." [19]

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TRADITIONAL JAPANESE ART INTERPRETATION

by

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I didn't think that I needed English until I came to the U. S. two years ago. Of course there are many potters from abroad to see my studio.

At such time it actually is very inconvenient not to be able to communicate with them because of language barrier. However, it had been always difficult for me to admit I couldn't understand English, so I said, "If you come here to study Japanese pottery, you should study Japanese before you come. It's not my responsibility to understand English."

However, that position was reversed now, because I may be told that I should study English if I want to come to the U.S..

So, I studied English. But alas! This age... It is much easier to forget than to memorize!

However there is something I noticed while I was studying. That is a big difference between Japanese and English.

That big difference is that Japanese language doesn't emphasize 'I-watashi' and, in many cases, 'I-watashi' is omitted. However, in English 'I', which is equivalent to Japanese 'watashi', is always written in capital letter 'I'.

When I saw this it seemed to me that English 'I' is asserting itself standing erect and saying 'I' am this big.

I came to think that this difference is the essential difference between East and West, that is Japanese way of thinking and culture and American and European way of thinking and culture.

So I'd like to discuss how we Japanese think about 'I', in other words ourselves. Then from this point of view I'd like to discuss Japanese culture, and moreover the essential way of thinking in terms of Japanese traditional art..

We, Japanese were freed from the 300 years of isolation by Perry's arrival, and saw the completely new era called Meiji period.

When I say 'new era', I mean completely different value was introduced.

In short, this opening of our country brought us the idea that Western culture was supreme and best. Not only law, but also medicine, philosophy, costume and hairdo were westernized. The world of pottery was not an exception.

Until now for some 120 years we have been imitating and following the West since Meiji period, because we think everything from the West is best.

However, we only adapted Western principles superficially as something supreme and ignored western philosophy and religion which are the basis of those. Or we were too eager to catch up the West and as a result we couldn't afford to spend time to learn the basis.

At the same time we gradually forgot Japanese Buddhism which is the Japanese essential principles.

Here, I'd like to note one point that there are some people who warn Western idea itself in the West, especially in Germany which is considered as an advanced country of seeking the basis of idea.

I get my head shaved as you see. When Japanese Buddhist becomes a priest, everyone does this.

The chanting I always chant as a priest is the six letters of 'na-mu-a-mi-da-butsu'

To explain 'na-mu-a-mi-da-butsu' collectively, it means to prostrate oneself before the Buddha who is inestimable. It means that everything in this world and phenomenon originate in the only inestimable Buddha and we can approach to an inestimable Buddha by prostrating oneself and worshiping inestimable Buddha.

'Na-mu-a-mi-da-butsu' is the same meaning as 'kuu' in **Prajnaparamita-hrdaya** which describes the essential idea of Buddhism. 'Kuu' means ' **'okage'**. **'Okage'** means that we are receiving everything necessary for our survival from everything around us and also our existence itself is affecting everything around us.

In other words, wanting to approach to 'Buddha' is to be more human.

This is the inestimable world before we established the concept of 'subjectivity' and 'objectivity'.

We cannot ignore that the concept of subjectivity and objectivity led to the world of science.

However, science is not almighty, nor can solve everything.

When I think about this, I associated the words 'subjectivity' and 'objectivity' with the importance of English 'I' , that is the development of science, and Japanese 'watashi' which is almost invisible.

You may associate Japanese culture with tea ceremony. This is called **'cha no yu'** or **'sa-dou'**.

In Japan, there are **'ken-dou'**, **'juu-dou'**, **'kyuu-dou'** and **'sho-dou'** besides **'sa-dou'**. I wonder if you notice the word **'dou'**.

We use **'dou** (way)' to describe something we learn in Japan. Another pronunciation of letter **'dou'** is **'michi'**. **'Ikikata** (how to live)' is also expressed as **'ikiru** michi (a way of life)'.

Every **'dou'** here means 'the way human being should be'. The Japanese mingle in one's daily life this very '**dou-michi**' based on Japanese Buddhism I talked before.

Putting aside the question if the pottery is art or not, I'd like to talk about it as essential Japanese art.

The reason why I said essential Japanese art is that from the Japanese viewpoint, **'pottery-tougei'** is not a means for showing off one's technique or individual opinion but rather a way of life.

One foreigner who was practicing **kyuu-dcu** (Japanese archery) for quite a while asked his master one day. " Try as I may, I cannot hit the target. How can I hit the target?"

Then his master answered. "When you shoot an arrow, you are hoping an arrow will hit the target, aren't you? Forget about insignificant target. Be free (**mushin ni narinasai**), and concentrate on only shooting the arrows. Then at the moment you shoot an arrow, the target will come toward the arrow."

The meaning of this freedom (**mushin**) is in one's state of mind which is free of images. In this example, the more you want to hit the target, being pre-occupied with it, the more you forget the actual action of shooting an arrow. As a result you will ignore your form or the direction of wind. Then the target will be more and more out of reach.

I think the same thing is true in the world of pottery and painting.

I have taught quite a few students until now. When I look at the work my students made, I would say for example, "This mouth is not good. Why don't you try to make it stronger?" Then it improves. However, he concentrates too much on the lip, he often forgets and creates too high a foot.

This example parallels the archery example. Because one is too concerned with small details, one will lose sight of the whole picture.

This restraint from freedom stems from a desire to make oneself look better, to make better work, or to impress people by hitting the target. Thus ego or self-centeredness prevents you to be free.

Once in Fuji Film TV commercial some time ago, I found very Japanese example about which I am speaking.

There are two female characters in it. The skit is a conversation between, a beautiful woman by Japanese standards and not so a beautiful woman.

The plain woman goes to a camera shop, which is Fuji film dealer, to buy a camera and asks posing before, "Can this camera take a beautiful picture of me?"

Then the beautiful salesgirl replies coolly, "Well, it will take one of you as you are."

It may be very natural for both women and men to hope to have nice pictures of themselves. We want to make ourselves look better than we actually are. But the camera is honest.

If a camera takes an honest picture, then it is perfectly all-right to show ourselves as we are.

This honest view of the world in which we are free to associate, and to live in this world is 'freedom'. It seemed to me that this commercial was telling that it is no use of trying to stick to trifles.

In Japanese, 'freedom' and 'equality' are slightly different than in Western sense.

'Freedom' is the ability 'to be ourselves in the way we should be', and 'equality' means 'equality based on the acceptance of our differences' and doesn't mean everything is equal.

For example, when I think about equality between men and women, I cannot think 'men=women', because men and women are physically and physiologically different .

We are equal based on the mutual acceptance of our differences. It is very important to acknowledge these differences to each other.

In other words, one is not to think uniformly, but rather to think about individually.

Each person or each object has his or its own basic value. Each has very unique aspect, which doesn't belong to anyone or to anything else. If we know that, we will realize that **'we now (ima no jibun)** are **'we at this moment (kono shunkan no jibun)**' and we are nobody but ourselves.

The reason why I'm talking about such matters in relation to pottery is that, there are few people who are pursuing pottery based on traditional Japanese ideas.

When the firing is a failure, there are too many potters who destroy their work, or complain that the clay isn't good or a thermometer was broken, or the kiln is not good.

If I borrow the concept from the Fuji Film commercial, the idea clearly emerges that one can only make a piece which shows one's individual capacity.

There was a fine painter named Morikazu Kumagai. He once said. "You cannot ignore the fact you painted poorly no matter what you do, erase it or tear it up." I quite agree.

Do you think that everyone can fire the clay exactly the same even if the clay is identical? Or, do you think it's different?

Exactly. The result will be different, although the clay is the same.

Thus, we cannot talk about merely the quality of the clay. The result both good and bad will depend on how it is fired.

Therefore, when we make pottery, it is necessary to instinctively feel how to form the piece and how to fire it, so that we can draw out the best aspect of the clay before we discuss its quality.

In Japan, there are techniques for making pottery, such as coiling, pitching, shaving, wheel, casting and so on.

These methods cannot be easily described and ten to be regionally characteristic. The best methods for making and firing are chosen based on the quality and composition of the clay in order to draw out the best quality.

It is said that Japanese pottery makes the most of the clay and the kiln. The best will be created only when the potter makes the most of all of them.

Then how does one gain this instinct?

You will know intuitively only when you are completely free from all restraint.

This freedom will be reflected in how you live. In the life which has no restraint, the work of art will emerge instinctively just as in the archery example. I believe that the work is the reflection of how we live.

I think the world of instinct realized this way is the world of pottery.

In the recent history of Japanese pottery, there was a potter named Master Souou Uno, who was a master of celadon porcelain and copper red underglaze.

I don't recall the details but I'm very sure of the outline.

When Master Koichi Tamura, a living national treasure, and Master Uichi Shimizu, were making test pieces of glaze for celadon and shinsa at the ceramic laboratory, Master Souou Uno walked in and asked them. "What are you doing?"

They answered, "We have decided to make glaze for celadon and red copper underglaze, so we are making test pieces."

At a balance which can weigh accurately to a milligram on a working table, they were weighing the material carefully, and then numbering. It is said there were some hundreds of test pieces.

When Master Souou Uno saw this, he examined powdered feldspar, iron and copper simply by touch. Then he put all the materials in mortars via eye measurement and said; "This is red copper underglaze. This is celadon."

Later Master Tamura and Master Kiyomizu baked those test pieces, and the best result was Master Souou's glaze by eye measurement.

This is the essence of intuition. Master Souou not only intuitively knew the ideal combination of the materials but moreover he intuitively sensed how Master Tamura and Master Shimizu would fire the kiln.

Despite the seeming inaccuracies, Master Souou drew out the best qualities. You could say that he was the person who lived free realizing **'okage'**, which I talked earlier in this talk.

There is clearly basis of Japanese Buddhism in Japanese culture and art.

The way we live will determine a work of art. For me this is pottery.

The art exists within the simplified expression of actual condition and Japanese art uniquely exists in the place where every phenomenon is hided behind.

Therefore the artist's personality and opinion are behind the work of art, not on the surface of the work. This is the concept of Japanese 'watashi-I'.

I have now discussed Japanese Culture and Art from the viewpoint of the difference between English 'I' and Japanese 'watashi-I'.

I believe that the essential spirit of Japanese pottery requires the artist to be true to oneself, which leads to art.

Having the vision to become true to oneself, it allows us to think nothing can be achieved without being true to oneself. I believe that we should emphasize Japanese 'watashi-I' more.

I'd like to conclude this talk, however, acknowledging my respect for the English 'I' which is the driving force of scientific technology.

Thank you very much for listening.

Entrepreneurship and Economic Development: Small and Medium Size Enterprises.

by

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ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT: SMALL AND MEDIUM ENTERPRISES

Introduction

A National policy of entrepreneurship is an essential factor in the promotion of economic development, employment creation and technological advancement in both developed and developing countries. The role of entrepreneurship, especially for small and medium size enterprises (SMEs) is crucial for promoting economic development and growth.

The overwhelming majority of countries, all over the globe, recognize the importance of entrepreneurship as an engine of economic growth and development. The unprecedented speed of economic development experienced by some countries, especially those in Asia, is living testimony to the acknowledged fact that it is the conscious development of the entrepreneurial resources of nations and the role played by the small and medium entrepreneurs (SMEs) that are largely responsible for their economic success. Recent development in both mixed and centrally planned economies vis a vis Eastern European countries and the former Soviet Union, which have began to enhance entrepreneurship through the restructuring of heir public enterprises in the future.

This paper will study some of the more important issues that are directly related entrepreneurship and the SMEs. It will examine the role of entrepreneurship in Labor-Intensive SMEs, market entry for SMEs in the service sector, entrepreneurship and technology, creation of markets through innovation and marketing, policy environment and entrepreneurship, measures involving infrastructure, human resources and entrepreneurship, external cooperatives activities and entrepreneurship, etc. Finally, the paper will conclude with policy recommendations for accelerated entrepreneurship for the SMEs.

Entrepreneurs and Innovation

Societies and their environments do not change in discrete steps. "Revolutionary" changes occur and manifest themselves in "new combinations" of the factors of production. The adoption of new combinations is in itself , Schumpeter contends, is in itself a creative response as it represents the assimilation of knowledge not yet in current use. The consequences of these new combinations are innovation - the "setting up of a new production function" (Schumpeter 1939, p. 62.)

Innovation must necessarily consist of producing and marketing a new commodity; if not it would represent a merely a cost-reducing adaptation of knowledge which would lead only to a new supply schedule.

The American economics did not fully come into its own until the twentieth century. The first president of the American Economic Association, Francis Walker (1840-1897) casted the entrepreneur in the role of an employer of workers; decision maker and leader, a "captain of industry," "a master," and a "higher" type of labor. According to Walker, the entrepreneur furnishes technical skill, commercial knowledge, and powers of administration; assume responsibilities and provide against contingencies; shape and direct production, and organize and control the industrial machine (1876, p. 245).

Some of the same economic factors that promote economic growth and development account for the emergence of entrepreneurship on the American economy. Paul A Wilken has divided these economic conditions into two classes: those which provide market incentives for entrepreneurs and those which influence the availability of capital. Market incentives show entrepreneurs the opportunities to be exploited. Capital is a major resource that is needed to carry out the entrepreneurial function. When economic growth and development occurs, the conditions promoting entrepreneurship also improves (Wilken, p. 7).

Despite the fact that entrepreneurship has been one of the main engines of growth for the American economic development and industrial might, in relatively recent times, the American entrepreneurial spirit has been on the decline. The preeminence of the United States economy is threatened by a newly emerging army of entrepreneurs marching forth from the societies of Japan, Taiwan, Hong Kong, South Korea and Singapore (William J. Baumol, in the Preference to Entrepreneurship, 1982).

Today the vast majority of countries in the world have recognized the importance of entrepreneurship as an engine of economic growth and development. The extraordinary speed of economic development experienced by some of the Asian countries are widely acknowledged as ample proof of this fact. Recent development, too, in both mixed and centrally planned economies, vis a vis, Eastern European countries and the former Soviet Union. These nations have been moving gradually towards entrepreneurship through the restructuring of their public sectors The strategies adopted vary among countries. Among the many strategies are such measures as privatization, organizational reforms and the removal of institutional impediments in order to inspire entrepreneurship and promote competition.

In addition to cultural norms, government policies designed to foster and to create the proper economic environment are absolutely necessary for the support of entrepreneurial ventures. If these base for the development of entrepreneurship and growth are not present national enterprise cannot flourish. There is also the need for external support, especially those provided by international and bilateral technical cooperation agencies and non-governmental organizations.

The rest of this paper will focus on some of the main issues relating to entrepreneurial and small and medium size entrepreneurship (SMEs) promotion and development. The case study of a number of selected country experience will be highlighted.

Entrepreneurship in Labor-Intensive SMEs

One of the main concerns of policy makers of developing countries is that of providing employment for their abundant supply of labor, given the scarcity of capital needed for entrepreneurs and the creation of enterprises. In this regard, there are two important issues involved: 1) Market entry for the small and medium size enterprises in the service sector.

As in the case of most developed countries, the service sector is the fastest growing sector for the LDCs as well. 2) The other issue revolves around the promotion of sub-contracting as a desirable method for developing SMEs.

Small and Medium Enterprises and the Service Sector

As the economy prospers and grow, the service sector becomes more important and even more significantly with increasing trend of globalization of trade in services. Available statistics indicate that by the mid-1980s, about 40 per cent of the world stock in foreign direct investment and 50 per cent of annual flows were in services, generating an increase of nearly 10 percentage points from the mid-1970s.[1] Both service and manufacturing sectors will be the major source in creating employment for the large pool of labor force.

There are two main barriers preventing market entry for SMEs in developing economies and centrally planned economies. Firstly, there is the dominant position held by government-linked business in most services. This makes it harder for SMEs to compete against statutory boards of government enterprises that enjoy the benefit of government subsidies and easy access to government credit. The second barrier for SMEs market entry is the increasing domination of key service industries by transnational corporations.[1] As a result SMEs service ventures have been subjected to increasing competitive pressures. Also SMEs will limited resources must seek unique and varied ways of meeting this competition. SMEs have a competitive advantage in their entrepreneurship and innovation and business process innovation. However, there is no standard form of innovation. Whereas U.S. firms have the edge in achieving breakthroughs in product technology relating to technological innovation, Japanese firms tend to achieve incremental but continuous improvement in product design and process technology in so far as marketing innovation is concerned.

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[1] The increasing internationalization of services is said to be driven by a variety of forces such as a growing demand for overseas services, internationalization of the advertising industry and services, and limited growth opportunities in the home market.

Sub-contracting as a means of developing SMEs.

The promotion of sub-contracting is based on the principle of mutual benefits for SMEs and large corporations. Japan is one of the few countries that has a successful instituted sub-contracting policy that combines the efforts of the government, parent large corporations and SME sub-contractors themselves. Through a variety of policy measures and institutional arrangement, SMEs are able to play a key role as subcontractors for the machinery industry making components of automobile, electrical, machine tools and precision instruments in addition to their traditional production of daily commodities.[2]

Promoting entrepreneurship in technology-intensive SMEs has been quite crucial in fostering the globalization of the world's economy. New technology is necessary for stimulating innovations, creating new opportunities, helping diversification for both survival and growth for existing enterprises. Technology-intensive entrepreneurship of SMEs is necessary for ensuring competitive advantage of SMEs over large enterprises.

Niche markets through innovations and marketing

Niche market mad be defined as a new market which is created and developed by firms to meet specific market situation through their competitive advantages. Take Japan and Taiwan, for example, studies indicate that entrepreneurs in SMEs in these countries because of their sensitivity to the needs of their customers and have developed new products to exploit potential new niche market based on their adoption of high technologies and special marketing strategies. The adoption of new technologies have made it possible to create new ventures and new business. Also the adoption of innovated market structure strategy has made it possible to promote and to create completely new product from old resources.

There is no doubt that small and medium size enterprises have been an essential driving force in niche markets. In 1989 alone, there were about 6.6 million SMEs starting up in Japan, accounting for 99 per cent of all establishments in Japan. In Taiwan SMEs accounted for a similar percentage (99%) of all establishments in Taiwan. In Europe the percentage was 91. According to a survey by the Ministry of International Trade and Industry (Japan 1991), more than 30 per cent of small subcontracting manufacturers in Japan were enjoying a technological levels either higher or equal to that of their parent companies. The study also shows that the percentage of subcontractors is slightly lower than that of the parent firms in the introduction of factory automation in machinery-related industries.

Successful niche marketing activities are attributed to many factors, but the following are three of the main determinants:

1. Strong entrepreneurship spirit with a certain knowledge of technology and management.
2. Ability and flexibility to adapt new technology and management to meet new circumstance.
3. Innovative marketing strategy to meet changing market and consumer needs through such measures as product diversification and differentiation. Its primary motivation is to crate new business to increase profits.

The Role of Transnational Corporation (TNCs) and SMEs

Over the past decade TNCs have been playing a major role in industrial and technological development of SMEs because of the important linkages between the two -- TNCs and SMEs. Two broad categories of linkages for SMEs to acquire modern technology know-how and to receive market support for production activities from TNCs are identified: 1) Internal linkage and 2) external linkage.

The first includes both ancillary operation and sub-contracting. Ancillary operation involves a large number of production on parts and components by SMEs for the use of domestic TNCs in the areas of machinery products and components and other engineering-related goods. Sub-contracting implies a certain contractual relationship for SMEs to supply TNCs certain specific specialized products and services. This type of internal linkage is to support SMEs by TNCs in terms of better access to national markets, know-how, raw materials, finance and human resource development.

The second linkage (external) may take different forms and combinations. Historical evidence for Asian economies reveals that the main forms of foreign TNCs participation were wholly foreign-owned TNCs subsidiaries and off-shore production and assembly units. Subsequently, most of these have evolved gradually into joint ventures and licensing contracts which has made it easier for acquiring foreign technology and accessing foreign markets.[3]

Although entrepreneurship has been traditionally been regarded as cultural heritage, education and training are instrumental in fostering entrepreneurial talents. Accordingly, business training of SMEs entrepreneurs are essential element of human resource development in the framework of TNCs-SMEs linkages.

Policy Environment and Entrepreneurship

The appropriate policy support is an essential part of national entrepreneurship. Macro-economic policy has become an important element of the framework of structural adjustment in a number of Asian countries as greater use of SMEs are integrated into their economies. In the area of policy, two issues are discussed below: deregulation and supportive measures on infrastructure.

Too much government regulations result in bigger and more powerful bureaucracies which, in turn, often become an obstacle to SMEs development. Also, discrimination against private SMEs generates emergence of pockets of inefficiency and militates against internal and external competitiveness. In both Japan and Korea, they have realize that heavy industries could not be operated efficiently without local development of the parts and components industries. As a consequence, SMEs policies and programs were introduced as a measure to counter its bias of favoring large enterprises in the past. In Korea, since late 1970s, a series of policy initiation were implemented. Such measures as compulsory requirement of commercial banks to lend a certain proportion of annual incremental loans to SMEs[4] establishment of the Korea Credit Guarantee Fund in 1976, the Small and Medium Industry Promotion Corporation in 1978. In India, the favoring of SMEs was unrelated to government policy measures, but was based on local culture and political preference.

A very important policy measure concerns the level of research and development expenditure which tend to reflect the level of science and technology and national commitment in the development of technology - based industry. The United States commitment in research and development investment serves as a bench-mark for technology development. It is significant to note, however, that since 1985, Japan has been spending more on R&D investment as a percentage of its GNP than the United States. Percentage-wise the ratio was 2.9 percent for Japan and 2.7 percent for the United States in 1990. For the newly industrialized economies (NICs), Korea rank the highest with 1.92 percent of GNP on R & D expenditure in 1989, compared with 1.38 percent for Taiwan for the same year.

While government R & D spending is important and it plays a significant role in technology, this tends to be confined to basic research and high risk areas. The R & D spending of government R & D is generally channeled into the growth of high-tech SMEs. More specifically, investment in higher education and public research institutions. Government assistance in research organizations tend to facilitate the transfer of technology to SMEs. In the case of Japan, small research institutes are established at local government level and funded by local tax revenue. Also, government support of investment institutions is to finance direct investment in risky technology.

Technology is embodied not only in machine and equipment as tangible assets, but in people with technical and management skills as intangible human assets. Human skills have been recognized as a major source of economic growth. While there is an urgent need to strengthen technical assistance to developing countries, it is equally important to foster cooperation among developing countries themselves. Existing regional cooperation agencies can facilitate certain institutional arrangements for SMEs promotion.

Conclusion

External technical cooperation assistance has yielded some valuable lessons. In order for this to have a significant impact on recipient countries, however, programs of assistance must be tailored to meet the specific requirements and needs of a country. It is also argued that donor agencies should not superimpose unrealistic conditions or requirement on developing countries. Non-government organizations are believed to have more grass-root impact through their voluntary groups, social and religious agencies, and self-help organizations than government agencies. The World Assembly of Small and Medium Enterprises epitomizes this devotion to SMEs. Finally, to the typical non-government organization, the use of external donor funds has the advantage of less bureaucracy and closer contact with target groups than their government counterpart organizations.

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INTERCULTURAL RELATIONS IN AN EMERGING WORLD CIVILIZATION

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INTERCULTURAL RELATIONS IN AN EMERGING WORLD CIVILIZATION

ABSTRACT

Intercultural exchanges among societies have been going on throughout history. Recent development of science and technology in communication and transportation has dramatically increased the speed, frequency, and volume of exchanges. With over a century's scholarly exchanges, new technology, and economic interdependence, a world civilization is emerging forcefully to overshadow the differences of national and subnational cultures, all being modernized. The development of a world civilization is not premised on the existence of a world government or uniformity of views but is based on the common interests of mankind and can be enhanced by elimination of biases towards other cultures.

INTERCULTURAL RELATIONS IN AN EMERGING WORLD CIVILIZATION

As there is no pure race, there is no pure culture. The culture of each society is the result of a mixture of natural development, heritage, creation, borrowing, and often imposition from without. Throughout history, cultures flourished because of contacts with others. With the phenomenal technological development in recent decades in communication and transportation, contacts between cultures of various societies are made in great speed, frequency and volume, resulting in the emergence of a world civilization which overshadows differences of national and subnational cultures.

Throughout the twentieth century, especially during the period of the Cold War, partly because of international political realities and partly because of the trend toward specialization or trivialization in academia, research on international relations in general tended to emphasize narrow area studies, the minute differences among nations, the exotic salient aspects of various cultures, and the causes and resolutions of conflicts. Nationalism was always a major factor in international relations, and only at a subdued level was internationalism kept alive in the thinking of certain individuals and through the organizations such as the United Nations or the Common Market for philosophical, political, or economic reasons.

With the end of the Cold War combined with the changes and opening of the Communist bloc countries, more realistic studies can be conducted on those societies. But more importantly, today is the best moment in modern history to re-examine the major civilizations of the world from a global point of view because on the one hand access to data and sources of information worldwide is now possible; and on the other hand, without the onus of the Cold War, and with more international scholarly exchanges and more societies becoming open, researchers can be more objective, see things more thoroughly and clearly, and appreciate different cultures as they really are. It is time for scholars throughout the world to look at the commonality of humanity and the relations, parallelisms, and similarities among cultures of various nations. It is time for all to discover and accept the emergence of a world civilization.

What is civilization? As defined in the dictionaries, it is a relatively high level of cultural and technological development or the stage of cultural development at which writing and the keeping of written records are attained. Civilizations thus are written histories of mankind, consisting of literature, philosophy, religion, arts, sciences, and technologies which provide the amenities of life--as depicted, elaborated, analyzed, critiqued, and philosophized in writing (Burns and Ralph, 1969).

Civilizations, however, are more than just high cultures. When one refers to the "Chinese Civilization" or the "Greco-Roman Civilization," often there is a tendency to couple civilization with geographic territory. However, when these civilizations flourished, the people living then believed firmly that their civilization was universal and all-encompassing. There was nothing provincial at all.

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Throughout history, every high culture is characterized by diversity of philosophies, religions, arts, and technologies, which, being products of creativity and human endeavors to solve problems and answer questions about life, find their expressions in a written language. Languages, therefore, are necessarily living phenomena reflecting the dynamic changes, nuances, growth and development, or decline, of the human society. Although mostly from the same root, languages may be different from area to area. But over and beyond the liguistic differences, human beings share fundamental values. Unfortunately, they also have the propensity to ignore, distort, and discount the cultural accomplishments of others and falsely claim, or exaggerate discoveries, inventions, values, ideas, and other accomplishments as uniquely their own.

Arnold Toynbee believed that his world and the world of Thucydides of ancient Greece were philosophically contemporary because both had shared similar experiences (Toynbee, 1969). That belief was bolstered by the fact that although many millions of years had passed since the advent of human beings, only the relatively short, most recent few thousand years of history caught our attention. Whatever differences in content there might be between civilizations, or differences in degrees of development among societies, they could not be of great significance.

If, in terms of time, differences are insignificant, in terms of space, differences among cultures are also of little significance as compared to the similar features and massive borrowings among societies. Ignorance and ethnocentric or religious biases pose the problems.

Will Durant believes that "the provincialism of our traditional histories, which began with Greece and summed up Asia in a line, has become not merely academic error, but a possibly fatal failure of perspective and intelligence." The reason is that the civilizations of the Orient "formed the background and basis of that Greek and Roman culture which Sir Henry Maine mistakenly supposed to be the whole source of the modern world" (Durant, 1954).

The flaw in pretending that non-Western civilizations were not the basis of Greece is matched only by the absurd bias in not recognizing the cultural accomplishments of non-European societies. Molefi K. Asante believes that Europeans deliberately suppressed the fact that ancient Greek philosophers were the disciples of African masters in Egypt who were black for the purpose of colonial enslavement of Black Africa (Asante, 1988; 1989).

Although all nations, including those in Europe and North America, borrow and imitate, the Japanese are often singled out as "imitators" because they borrowed much of their culture from China and the West (Wissler, 1923). Westerners do not know that the Japanese mind is not passive or non-creative but practical and eclectic. Certainly not everything in Japan is borrowed.

Some Westerners claim that democracy is uniquely Euro-American with roots in ancient Athens, whereas despotism is Oriental. It is quickly and conveniently forgotten that Athens had slaves and denied all women and children citizens' rights; that Socrates, Plato and Aristotle either had to die or flee for their lives because of their beliefs, whereas Confucius and Mencius of ancient China could roam the capitals of the warring states to debate their ideas and challenge rulers freely; and that modern dictators such as Hitler, Stalin, Samoza, Franco, Mussolini, Ceausescu, Honecker, Castro, and totalitarian systems such as Fascism, Nazism, and Leninism-Stalinism have all been Western.

America certainly has had its share of slavery, racial and sexist discrimination, and religious persecution. The desire for democracy being universal and perennial, democratic concepts emerged in many societies--East and West--independently.

Needed to improve living standards and solve problems, science and technology are universal and not exclusively Western in origin or content. To claim that science is the invention of Euro-Americans is as ignorant and absurd as the 18th century Christians' claim that non-Christians were pagans worshipping objects and idols. False claims as such were rampant in the age of colonialism. To justify imperialist colonialism, it was necessary to deny the cultural attainments of the subjugated peoples, making them appear and feel inferior (Said, 1993). The dubious claim in the West that the Chinese did not have science is an example of such planned ignorance, sadly still in existence even after the publications of some monumental works in English depicting three thousand years of splendid scientific achievement (Needham, 1956-84; Temple, 1989).

Scholarship of colonialism was deadly flawed not only because it ignored and belittled the non-European civilizations, but because it also denied altogether non-European civilizations' tremendous influence in Europe and America.

Although ancient Greek sculpture influenced the Hindu-Buddhist sculpture of India, oriental art influenced impressionist art in the West (Northrop, 1958). Albert Schweitzer was able to establish that Taoist philosophy influenced Benedic de Spinoza and the predecessors of Friedrich Wilhelm Nietzsche (Schweitzer, 1960). Raymond Schwab in a 1984 study discussed the extensive influence of India and Iran on the philosophies of Arthur Schopenhauer and Nietzsche. Even Richard Wagner's philosophy and music were influenced by the concepts of predestination of Buddhism (Schwab, 1984).

Transcendentalists Ralph Waldo Emerson and Henry David Thoreau of 19th century America were heavily influenced by Taoism, whereas dramatist Thornton Wilder of the 20th century drew heavily from Chinese theatre art which discarded props and sceneries and allowed actors to speak directly with the audience. Chinese literary influence on Ezra Pound has been well known in America. Although these philosophical and artistic influences are usually hidden facts known only to the interested scholar, it cannot be denied by the general public that Oriental influences from food to martial arts have been widespread in the West. Cultural goods flow throughout the world (UNESCO, 1987).

The Islamic civilization has been called "the first global civilization" by some because of its extensive geographic coverage from the Middle East to Africa, Europe, and Asia (Stearns, 1992). It had tremendous impact on the Renaissance in Europe (Hayes, 1992). It certainly still is a major cultural force from Africa to Asia. In America, for political and atavistic reasons, the Islamic religion has grown among African-Americans who identified Christianity as a religion imposed on Africa by white colonists spearheaded by or entwined with, Christian missionaries throughout the Third World countries. Buddhism has grown in Europe and America partly because of immigration and partly because of intellectual or spiritual interests.

As religious movements crisscross the continents, computers and telecommunications technology are taking over the globe. Even the internationalization of mass media ownership has been progressing rapidly (Hirsch, 1992). In the 21st century, humans will live under a world civilization whether they like it or not. The development is inevitable. The world civilization is emerging because of many factors, among which quickened and heightened cultural exchanges, awakening to the common features, ideas, and values of various societies, increased global activities, and economical interdependence are the most powerful (Condeluci, 1991).

Cultural exchanges may be conducted in numerous forms, including immigration; exchange of scholars, students, and performing arts groups; interaction of business representatives; and tourists (Holland and Lambert, 1976; Klineberg, 1976). Intercultural relations certainly will be enhanced by the activities of computer network systems such as Internet, as well as library connections like OCLC. On an athletic level, most countries participate in the Olympics and other international games. Entertainment is international. Motion pictures, television programs, classical and popular music, dances, even Shakespearian plays, traditional national theaters, circuses and acrobats, among others, have worldwide appeal. In fine arts and literature, modernism is becoming universal. Impressionist, cubist, surrealist and other types of avant garde art have an audience all over the world. So do psychoanalytic and science fiction literary works. Fast food and other chain stores also have a certain worldwide following. There are numerous private organizations from the Red Cross to Rotary International to churches which do not operate within national boundaries (Ghils, 1992). In international economics, the exchanges of investment or financial transactions have long surpassed the trade of goods and services in dollar amounts; and many major corporations around the world are multinational. There is no national economy that is not closely tied to the world economy (El-Agraa, 1982; Feldstein, 1988).

International law, in particular the rules and practices regarding treaty making, consular affairs, air transportation, space, high seas, and trade, has been universally accepted. Environmental and ecological concerns are becoming universal. Even the media, via satellites, are now international. Linguistically, English has long replaced French and Latin for international gatherings, although officially at the United Nations several major languages coexist.

Some people in post-colonial societies resent colonial intrusions in their history and bitterly denounce European cultural imperialism, whereas others do not equate modernization, which is universal and inevitable, with Europeanization or Americanization (Said, 1993). The debate may continue for some time but reality reveals that what colonialism brought to the colonized societies was both the devastation and the benefits of modernism. These societies were forced to change. The question was, of course, which society did not have to change? In spite of the miseries and terrors of post-colonial Third World countries which have failed in self-government after independence, these societies have been brought into the modern international society as full-fledged members of the United Nations, and numerous other international organizations, with their economies integrated into the global trade system (Ballance,1982). Although in many Third World countries, political leaders have engaged in authoritarian practices at home and formed blocs for their diplomatic gains at the United Nations, often taking part in the power struggle between the major antagonists during the Cold War, all of them claim to be democratic or to support democratic goals, and to subscribe to the ideal of economic development and modernization, with perhaps the exception of the rule under the Ayatollah Khomaini after the Shah in Iran (Mbaku, 1992; Owusu, 1992).

Elimination of illiteracy and disease is a universal goal. The desire for peace and prosperity is also universal. International cooperations from EEC to ASEAN to the free trade agreements between the United States and Canada, as well as the United States and Mexico, make what has happened in the bloodily split Yugoslavia the more pathetic and tragic (Henderson, 1992). However, one should not lose sight of the fact that tragedy in Yugoslavia is only a temporary abnormal situation with little long-term consequence in world history, which sees a world civilization unfold forcefully and steadily although unceremoniously and unplanned, as if, to borrow Adam Smith's language, there is an "invisible hand" guiding and molding its development.

It is in the educational systems around the world that one finds concrete evidences that a world civilization is in existence. The curricula of all schools in the world are the strongest testimony. First of all, there is language training--mother tongue at the elementary, plus a second language (mostly English) at the secondary and college levels. History of the native land and history of the world are always included; the relations between one's own country and the rest of the world are covered. Mathematics and natural sciences are also universally taught. In physical education, all nations promote modern sports, usually following international rules of games and using equipment and facilities accepted worldwide. Soccer as played in China and India is exactly the same as it is played in Brazil, Jordan, Nigeria, or Germany. The same can be said practically about any sport, although some sports may be more popular in some countries than in others.

Modernization is a dynamic process occurring in all societies. In addition to modern educational institutions and educational goals, universal science and technology, entertainment and sports, much of cultural traditions in various societies is undergoing changes (Marks, 1984; Millikan, 1930). In the arts, tradition coexists with the modern styles, often generating new forms of art. In lifestyle, material comfort, and economic expectations, people everywhere share similar aspirations (Kiang, 1992). Even modern problems are universal. For instance, women now enter the work force in large numbers, creating problems of child care, marriage relations, and new employment challenges in societies on all continents. The need for health care is universal and the control of disease requires international efforts (Pollack, 1992; Castro, 1992). Medical statistics are important for research at the global level. Contagious diseases do not observe national boundaries, and national solutions are usually futile. Western medicine has been introduced in the Orient since the 19th century. Now the Oriental tradition of many centuries in viewing foods as sources of illness and cure has become a part of medical practice in the West where people have also begun to accept Oriental herbs and acupuncture.

Environmental issues are also of a global nature. Problems of yellow rain, ozone depletion, pollution of the oceans, disposal of nuclear and other hazardous waste, and the dangers of nuclear radiation caused by war or accident, challenge the entire human world, and require worldwide attention and solutions (Keller, 1992; Marien, 1992). And indeed, much international cooperation has been going on for a number of years. There has been worldwide radiation monitoring. Even weather watch is global.

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Human rights violations are a universal concern (Renteln, 1990). The violations are denounced by "foreigners" throughout the world. Dictatorial regimes do care about such criticism. And the revolt of the masses is universal (Ekins, 1992).

For all the idealist utopian one-world-government promoters, the frustration comes from the realization that among nations there are differences of legal systems, of religions, and of traditions. There is nationalism or even jingoism.

However, the emergence of a world civilization is not premised on the existence of either uniformity of world views or the strengths of a world government. The residual diversity among societies actually makes the world civilization more dynamic and interesting. Interpreters abound wherever a diplomatic or commercial agreement is to be negotiated or concluded. There are at least two bases for unity in law--nature and ethics (Dorsey, 1949; Lachs, 1992). Even Chinese law and Roman law share similarities. Traditions and modernity can coexist (Vitany, 1992). An omnipotent world government may not be desirable. There is wisdom in laissez-faire, in the dictum "The government is best which governs least, in Taoist philosophy of government inaction, and in Marx's ultimate ideal of "withering away of the state."

Intellectuals from the 19th to the 20th century tried to promote some exchange, sharing and unifying cultures, and adopting foreign cultures and revitalizing and promoting their own cultures. Rabindranath Tagore of India and Liang Chi-chao of China were outstanding examples. Bertrand Russell, John Dewey, and Hans Driesch lectured in China; Sylvain Levi, Moritz Winternitz, V. Lesny, and Sten Konow visited India. Of course, Tagore and Liang also visited Europe (Hay, 1970). Such intellectual ferment has had profound long-term consequences, stimulating self-examination in various societies--East and West--and the desire to learn more from abroad, and ultimately transforming societies into the modern age. One should not forget that Marxism was not native for either Russia or China. Yes, revolution is for exportation.

But, as Richard M. Weaver observed, "It is easy to be blind to the significance of a change because it is remote in time and abstract in character" (Weaver, 1948). The profound intellectual movements in the emerging world civilization are not obvious at all to the media which tend to report on the exotic and the superficial which are considered "newsworthy." With a century's exchange of students and scholars, all philosophies, religions, schools of art, forms of music, methods of sciences, and dogmas of ideologies now exist in every corner of the globe. Even the constitutions of many countries share a great deal in common, whether in form, in philosophy, or in procedure. The world of finance is integrated faster than the world of politics (Stein, 1991).

Jose Ortega y Gasset pointed out that national histories are but fragments of the broader and more complete history of civilization, which is "autarchic and sufficient." But it is through a process of migration, destruction, chaos, and revolt over a long period of time that a Pax surges forward and a new civilization flourishes (Ortega y Gasset, 1973).

Today, at the end of the long dark tunnel of two world wars and a dangerous Cold War, the light of a world Pax is visible. The true challenge to peace and prosperity does not come from beyond any nation's boundaries. It comes from within.

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CULTURE - SPECIFIC DIFFERENCES IN SOME SPEECH ACTS IN POLISH AND ENGLISH - CONTRASTIVE APPROACH

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CULTURE-SPECIFIC DIFFERENCES IN SOME SPEECH ACTS IN POLISH AND ENGLISH - CONTRASTIVE APPROACH

As Austine (1962) and Searle (1972) observe, the ways we speak while communicating with others fall into five basic categories: 1/we make promises (commissives), 2/we try to get our interlocutors to do something for us (directives), 3/we show our feelings and emotional states of mind (expressives), 4/we want to bring about new states of things (declaratives) and 5/we make statements, suggestions, denials, etc.(representatives). These kinds of speech acts can be found in most languages as they answer the communicative needs of most speech communities. As Gumperz rightly observes "members of all societies recognize certain communicative routines which they view as distinct wholes, separate from other types of discourse, characterized by special rules of speech and nonverbal behaviour" (Gumperz, 1972:17). This fact acounts for our looking at them as not language and culture specific but universal. However, the ways they are realized vary across languages. Today most linguists and sociolinguists are aware of these differences, which has promoted lots of contrastive research focusing on this particular aspect of language use. Nowadays hardly anybody can agree with and share the point of view of Frazer, Rintell and Walters (1980) that "Every language makes available the same set of strategies - semantic formulas for performing a given speech act. ...... if one can request, for example, in one language by asking the hearer about his ability to do the act "can you do that", by expressing one's desire for the hearer to do that act (I'd really appreciate if you'd do that), then the same semantic formulas - strategies - are available to the speaker of every other language." (pp.78-79). This methodological oversimplification and generalization can be accounted for by the fact that most researchers, who initiated this kind of studies, have worked exclusively on English. They seem to have projected, as if automatically, the English-specific rules of communication on most other, especially Indo-European languages. They have set up the set of rules whose understanding and application are not determined by the culture of a given speech community and formal characteristics of its language but by the features of both English language and culture (cf. conversational maxims by Leech 1983).

Undoubtedly the research carried out by Edward Hall emphasized a very strong and mutual relation between communication patterns and cultural values held by a particular speech community. The same interdependence has been expressed by Gumperz when he has stressed that "The fact that two speakers whose sentences are quite grammatical can differ radically in their interpretation of each other's verbal strategies indicates that conversational management does rest on linguistic knowledge. But to find out what that knowledge is we must abandon the existing views of communication which draw a basic distinction between cultural and social knowledge on the one hand and linguistic signalling processes on the other. We cannot regard meaning as the output of non-linear processing in which sounds are mapped into morphemes, clauses and sentences by application of grammatical and semantic rules of sentence-level linguistic analysis, and look at social norms as extralinguistic forces which merely determine how and under what conditions such meaning units are used." (Gumperz 1982:185-186) It turns out that social and cultural values, norms and rules of behaviour or etiquette, beliefs and world views, which are culture specific, are an invisible dimension always present in language. "Trying to explore both the universal and the culture specific aspects of meaning, we should beware of using concepts provided by our own culture. As human beings, we cannot place ourselves outside all cultures. We can find a point of view which is universal and culture independent ..... within our own culture, or within any other culture that we are intimately familiar with ..... we must learn to separate within a culture its idiosyncratic aspects from its universal aspects." (Wierzbicka 1991:9) Only then we are able to both encode and decode messages in accordance with the intentions of speakers and avoid, or at least reduce, the number of misunderstandings and communication errors.

This paper is an attempt to compare speech acts in Polish and English and to show how language strategies vary in these two languages because of different underlying cultural values and different formal features of language. I have limited my research only to syntactic and morphological characteristics of Polish and English although I am fully aware that the full analysis should also embrace phonological features. Directives, expressives and representatives will be focused on as they are the most often used speech acts and they show most differences. I do hope that these few remarks will make us more sensitive to and aware of the ways language performs its communicative functions in various speech communities.

Polish and English differ substantially in their concepts of politeness, assertiveness and compromise. These values are chief underlying factors of directives: it seems to be one of our main concerns how to be both polite to others and to achieve what we want to. The choice of the right linguistic strategies is crucial at this point - can we be direct or should we use some more indirect and elaborate techniques; should we switch, perhaps, to another pattern of forms of address, etc.. The statements of Clark and Schunk (1980) that "When people make requests they tend to make them more indirectly" and of Searle (1979) that "In directives, politeness is the chief motivation for indirectness" are true only when applied to English. In Polish directives there may be used bare imperatives and the utterance does not violate the Polish principles of politeness (cf. ex. 1-4).

1. Pol.: Powiedz me, ktora godzina! (Tell me what time it is!)
2. Eng.: Can you/Could you tell me what time it is?
3. Pol.: Zrob herbate! (Make some tea!)
4. Eng.: Would you be so nice as to make some tea, please?

It is interesting to note that Polish elaborate directives which have exactly the same syntactic structure as in the English example 4 (which is feasible - Czy bylabys tak uprzejma i zrobila herbate?) will sound overpolite and even a little sarcastic, tentative and lacking in confidence. Thus, the final result will be far away from being polite and the objective may not be reached at all. The second important differentiating feature of such a Polish construction is that it changes from the imperative form into a question. An interesting strategy used by Polish speakers to soften imperatives consists of preceding them with a hypocoristic or a diminutive of a first name of the addressee. Polish, unlike English, is a very productive language and using various morphological endings it can create an almost infinite number of derivatives from every name (cf. ex.5).

5. Pol.: Jureczku, posprzataj pokoj! (My little George, clean the room!)

The form of address "Jureczku" is a diminutive of the Christian name "Jurek" (George) and its presence changes the imperative sentence into a nice request. This diminutive brings in the dimension of warmth, cordiality, emotional bonds between interlocutors. Pragmatic rules of Polish allow for the polite usage of bare imperatives, which is taken for being impolite in English. On the other hand, infinitives in function of imperatives used in directives sound stronger and much more offending in Polish than in English (e.g. wynosic sie! vs. go away!). The reason why these forms have different semantic values may be accounted for by the fact that Polish has distinctive forms for infinitives and imperatives (e.g. zrob, zrobcie vs. zrobic = Do) and English does not. Polish imperatives correspond to the forms of the verbs in the second person singular and plural. Thus, the giver of the order, in spite of his authority, is not as detached from the interlocutor as he is while he uses the form of imperative whose connotations are anger, disrespect, hostility, alienation and coldness. Once more morphological differences result in differences in meaning and finally pragmatic rules of language usage. Another interesting example consists of differentiating the semantic value of the directives whose pattern is "Why don't you do sth.?" in English and its corresponding Polish formula "Dlaczego nie zrobisz ...?" In English it is a routine way to express a polite order while in Polish the idea of a directive is combined together with a request for explanation on the part of the performer why such an action should be executed. Depending on circumstances, this construction can also imply the stubbornness of the performer, who refuses to perform the requested act. Another common English pattern of directives makes use of such modal verbs as "can" and "will" in yes/no questions. As Comrie says "In other languages, that's not conventionalized. If you tried it in Russian the reaction would be "What's this guy trying to do?" (Comrie 1984b:282) This remark is valid in Polish, as well, as such formulas are understood rather as questions about the interlocutor's abilities but not the way of getting him to do something. To sum up this short discussion of orders in the languages under examination we conclude, that Polish orders are more straightforward and direct while in English they tend to be more elaborate. The English paradigm contains such forms as:

- "will you / won't you
- "could you / can't you
- "why don't you / why can't you close the door?'
- "would you
- "would you be so nice/kind as
- "please,

Typical Polish directives are just plain imperatives, often preceded by a diminutive to soften them. Both syntactic and morphological features of Polish and English and a cultural factor - a different concept of politeness - account for a lack of semantic correspondence between forms of directives.

Cultural values play a very important role in determining the form of expressives in Polish and English. These differences and variations are neither random nor accidental but they reflect hierarchies of values proper to Polish and English culture, respectively.

Using the Goffman's concept of "face" Polish and American culture use different means to negotiate it. In America, public image must be kept positive at all costs, no matter what the reality looks like. Thus, every positive feature, concept and event tends to be highlighted and presented to the interlocutor as even better, bigger, more successful and more overwhelming. English and American expressives are full of adjectives and adverbs which enhance their positive meaning (cf. ex. 6a-8a).

6a. That was an excellent presentation!
7a. You've done a tremendous job!
8a. You look great!

As modesty and moderation are characteristic Polish values and bragging is thought of as negative, the same compliments have the following form if said in Polish (ex. 6b-8b).

6b. It was a good (quite a good) presentation! (Dobry referat!)
7b. Good job! (Dobra robota!)
8b. You look nice! (Ladnie wygladasz!)

Any exaggeration is taken for unnatural, insincere and rather not trustworthy.

On the other hand it is interesting to compare how Polish and English cultures deal with negative expressives. As American culture promotes achievements and successes and, using Hofstede's value orientation, is very masculine, any negative event should be undermined and neutralized, if possible not mentioned at all. Hence, we can hear such utterances in English:

10a. It must have been rather difficult for you to resign.

11a. You must have felt rather lonely when you broke with you boyfriend.

Polish culture is more caring, nurturing and feminine. We tend to give more weight to our interlocutor's negative and painful experience and this feature of ours accounts for using such constructions which can show our sympathy, solidarity and warmth to those who are in distress and need some comfort. In the situations where American speakers use sentences 10a and 11a the Polish will react as in the examples 10b and 11b.

10b. Musialo ci byc strasznie trudno zwolnic sie z pracy.
(It must have been extremely/awfully difficult for you to resign.

11b. Musialas sie czuc strasznie/okropnie samotna gdy zerwalas z
narzeczonym. (You must have felt terribly/awfully lonely
when you broke with your boyfriend.)

The form of representatives depends on the importance of such values as tolerance, dogmatism and compromise for a given culture. American culture can be defined as "The complex of cultural attitudes which condition every individual to be constantly aware of other people, other voices, other points of view, to see oneself as an individual among many, their own peculiarities and eccentricities, leads to objectivism and anti-dogmaticism being regarded as important social and cultural value." (Wierzbicka 1991:49) Polish cultural tradition is very different and it does not foster a constant attention to others. Poles have a tendency to be dogmatic, inflexible, bossy, they lack consideration for others and like to interfere. Compromise is not a desired personal feature as it shows weakness and inability to win. It is nearly a synonym of "lose". These values make statements and judgments pronounced by Polish speakers sound very straightforward and strong. Question tags are the lexical devices which soften the dogmanticism of opinions. They proliferate in English but they are avoided in Polish for two different reasons. First of all, Polish has only two distinctive question tag forms "prawda, nieprawda" while in English they can be derived from any modal and auxiliary verb as both affirmative and negative forms. If their usage were as frequent in Polish as in English, the discourse would be terribly boring and monotonous because of their repetition. Thus, morphology is responsible for their scarce occurrence. The second reason lies in semantic differences. Polish question tags are truth oriented while in English they are opinion oriented. When Polish speakers use them they do not seek agreement but want to get an aknowledgment of their truth. Another semantic dimension of these lexical formulas is to express hesitation, lack of competence, knowledge and expertise. In English, however, their role is totally different as question tags are the means and conversational strategies used to give an interlocutor the chance to have its own point of view and to compromise or to negotiate the final meaning. The same can be said about the usage and the meaning of linguistic hedges, both adverbial expressions and verbs e.g. "sort of, kind of, perhaps, think, believe, guess" in English and "jakis, jakby, chyba, mozliwe, cos w rodzaju, przypuszczam, wydaje mi sie". Unlike in English where these expressions mark the speaker's lack of engagement and effort to be objective, in Polish they stand for an inability of the interlocutor to describe things, to be clear about what he wants to communicate. They are avoided, in most situations, not to create this negative impression on hearers.

These few examples I have discusses in this short paper are far from presenting all complex aspects of this problem. However, the important conclusion is that different speech communities realize the same speech acts in different ways. Different semantic dimensions of the same lexical items reflect culture-specific values and formal morphological properties of a given language determine which linguistic strategies can be applied to conform of pragmatic norms of communication proper to a given culture and speech community. Knowledge of both of them or at least speaker's intercultural communication sensitivity are necessary to be able to lead a successful dialogue with members of various cultural villages.

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Note: The views expressed in this paper are those of the author and do not necessarily reflect those of other individuals working at the International Peace Academy.

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THE UNITED NATIONS AND COLLECTIVE SECURITY

The disintegration of the Soviet Union, closely followed by acts of aggression throughout the world, has inspired a number of scholars, diplomats, and commentators to argue that collective security arrangements are necessary if the new world order is to succeed in promoting international peace and stability. Collective security, however, is not a new idea in the history of international relations. In 1918 and 1945 the victors of World Wars I and II also planned new world orders: international systems, they proclaimed, in which the nations of the world would act collectively to deter the transgressions of aggressor states. The legacies of past attempts, however, do not establish an encouraging precedent for the future.

At present, the international community in the wake of another war--the Cold War--once again faces prospects for a new world order; not surprisingly, despite past failures, debate is focused on the possibilities for peace and stability under a system of collective security. On January 16, 1991, President George Bush while announcing US military action in the Persian Gulf articulated his vision for such a system "where the rule of law...governs the conduct of nations and in which a credible United Nations can...fulfill the promise and vision of its founders." (Kissinger, 238) In the aftermath of Operation Desert Storm, however, many of us find ourselves wondering whether events in the Persian Gulf established an encouraging precedent for the future of UN collective security or confirmed the arguments made by its most adamant critics.

A first critical step toward generating productive debate is defining exactly what it is that we are talking about. As George Downs and Keisuke Iida of Princeton University write collective security "has been used to describe everything from loose alliance systems to any period of history in which wars don't take place." (Downs and Iida, 2) Predictably, how strictly one defines collective security greatly affects the probability of its success. Through the course of this discussion, I define a collective security system as a group of states, attempting to reduce threats to peace and security by agreeing to jointly punish, through a variety of means, any state that violates the system's rules. A logical question, then, is whether the United Nations is capable of providing an appropriate institutional foundation for such a system. I conclude that the answer is yes for three reasons.

First, the United Nations is a logical choice because it already exists. Startup costs, therefore, are negligible and the current institutional framework can be modified to meet the rigorous demands of collective security. Second, the United Nations meets the general criteria necessary for successful collective security--namely a legally binding charter and a representative form of governance. Finally, in recent years the United Nations has developed an unprecedented level of credibility among member-states. Although recent successes were achieved as a result of ad-hoc coalitions, producing temporary majorities, they enhanced international confidence in the United Nations, thereby establishing a political climate more conducive to the creation of a UN-sponsored collective security system.

The failures of the past demonstrate that before collective security can be viable the following three questions must be answered: (1) who decides what are acts of aggression and when to intervene; (2) who enforces the decisions of those who decide; and (3) who pays the bill. The Charter of the United Nations, signed by its founders in San Francisco in 1945, attempted to answer all three questions. Unfortunately, as a result of the Cold War and other unforeseen circumstances, many of the Charter's provisions have failed to stand the test of time (Luck and Gati, 45).

Who decides when to intervene currently is determined by 13 Articles within Chapter VII of the Charter, which outline the responsibilities and authority of the Security Council as the UN's primary decisionmaker. Over the last 45 years, however, the Security Council, composed of five permanent members--the United States, Russia, France, Great Britain, and the Peoples Republic of China--and ten non-permanent members elected every two years from the General Assembly, has proven incapable of overseeing collective enforcement actions.

In the wake of the Cold War, recent events in the Persian Gulf illustrate well the shortcomings of the present organization. During the decisionmaking period, prior to the coalition's intercession into Kuwait and Iraq, the permanent five met alone under US leadership before presenting the remainder of the Council with intervention as a *fait accompli*. This unilateral approach to decisionmaking provoked criticism among developing countries, already fearful of being exploited, and the major economic powers outside the Council who ultimately were asked to help pay the bill.

There are a number of formulas for reorganization of the Security Council currently under debate. Most agree that to be effective in the future the Security Council must be reconfigured to reflect the interests and concerns of the present international community, rather than those of the victors of World War II. However, there is a wide divergence of opinions on how a more representative configuration might be achieved. One possibility would be to modify the present two-tiered organization by expanding the membership of both tiers. The permanent membership could be enlarged to include regional and economic powers such as Japan, India, Germany, Nigeria, and Brazil, while the non-permanent membership could be increased to 15.

The issue of voting procedures and unanimity of support for collective actions under any new system is problematic. At present, the permanent five each retain veto power over all Security Council decisions;

and from a practical standpoint, it seems unlikely that they will be inclined to relinquish or share this responsibility anytime soon. However, the existence of the veto reduces the deterrent value of collective security because it makes enforcement more difficult and often impossible. As a result, potential aggressors, whether they be in Angola, Armenia, Bosnia or elsewhere have reason to question the likelihood of collective reprisal because it requires what is often impossible to achieve--unanimous support.

An alternative approach would be to eliminate the veto altogether and instead require a majority--perhaps 4/5 approval of all Security Council members in order to authorize collective action. With the added influence that this organization affords new members, the likelihood of the permanent five imposing its will on the remainder of the Council is reduced.

A related but far more ambiguous question is when to intervene. The challenge reformers face is to develop a set of criteria which is flexible enough to allow the Security Council to react effectively to unforeseen events, while still preserving the consistency necessary to remain credible. This dilemma is resolved easily in the case of overt and unwarranted aggression. But in the case of civil war, mass starvation, or local uprising the justification for violating a state's sovereignty is less clear. There is no easy answer. Rather, this is one of many areas in which a collective security system, by necessity and through majority rule, would evolve incrementally towards mutually acceptable norms for intervention.

A second critical question is who enforces. Article 43 of Chapter VII outlines enforcement responsibilities by requiring that "all members will make available to the Security Council on its call...armed forces for maintaining international peace and security." But when it came to using force in the Persian Gulf War, the carefully laid out provisions in Chapter VII were never invoked." (Luck and Gati, 48) The reasons were

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apparent. Nations either disagreed with the nature or justification for collective action, or were unwilling to accept international command of their forces.

As we now see in the Balkans, depending on the nature and location of the conflict, nations will perceive the threat to their interests differently; unanimous support, therefore, is not always possible. In the Security Council organization that I propose, however, 12 of the 15 non-permanent states and eight of the ten most powerful and influential members, would have to authorize collective enforcement before it could be undertaken.

In order to precipitate an immediate and credible response, on-call UN rapid deployment forces composed of units from all Security Council members are a worthwhile consideration. Sovereignty would be protected by the fact that members who abstain or vote against collective action would be permitted to withdrawal their forces prior to intervention, while those who vote in favor presumably would be prepared and required to commit their part of the rapid deployment force. The composition of the force would be based on an assessment of each member-state's capability; therefore, smaller nations would provide only a fraction of the needed personnel and resources. This measure would force all states to either "put up or shut up," thereby partially alleviating the problem of nations free-riding on the commitments and sacrifices made by others.

A second related issue is the willingness of nations to subordinate their armed forces to international control. Developed nations with significant military capability--particularly the permanent five--are hesitant to sacrifice their autonomy, operational control, and independence to a unified command. Yet, one lesson from the Persian Gulf War that few would contest is the necessity of having a sophisticated and well developed military headquarters capable of exercising command and control (Mackinlay, 145). The question which remains is whether the

United Nations Secretariat is capable of fulfilling this critical role. I conclude that it is not, and that it does not need to be.

Presently, and with the exception of Germany and Japan, the United States, Great Britain, France and perhaps Russia are arguably the only nations that have the organizational capacity to manage a large-scale multinational operation. Neither Japan or Germany possess the domestic support necessary to take the lead in collective action. China, although home to the largest army in the world, has demonstrated an unwillingness to participate in United Nations operations and lacks the capability to command one. Therefore, in the short run the responsibility for overseeing large multinational operations, by necessity, must rest with four of the permanent five.

One possibility would be for them to rotate overall command and control responsibility for the UN rapid deployment force on a regular basis. Admittedly the nature of the conflict might, under certain circumstances, preclude a particular member from commanding a UN operation. However, in keeping with current practice for peacekeeping operations, the Security Council could review these considerations and approve the composition of the force, to include its command and control element, prior to authorizing action.

This arrangement serves two useful purposes. First, it would help to quell some of the criticism concerning US domination of the Security Council and UN operations. Second, a predetermined UN force will be more efficient and effective. UN forces composed of military units from all of the Security Council's members would plan, train, and remain on-call in their home countries. A UN rapid deployment force, more responsive and better trained, is more credible; consequently, it is far more likely to deter aggression.

Another consideration is the role of the Military Staff Committee to the Security Council created by Article 47 of the UN Charter. Article 47 states that the Military Staff Committee "shall advise and assist.... on

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all questions relating to the military requirements for the maintenance of international peace and security." Yet, despite this expansive mandate, over the last 45 years the Military Staff Committee has played an insignificant role in Security Council decisionmaking. In the future, however, it could assume the responsibilities that its creators envisioned, as the critical link between the Security Counsel, the Secretariat and the field headquarters.

One solution might be an organization at the United Nations similar to our own US national security structure. Article 47 could be amended to provide for an expanded Military Staff Committee--analagous in some respects to the multi-service Joint Chiefs--that comprises senior officers from all the Security Council members and a staff capable of planning, advising, and monitoring multinational operations. The Military Staff Committee would serve as a mediator by ensuring that tactical decisions made by UN field commanders are in line with the broad political objectives set forth by the Security Council. Most importantly, this organization keeps the United Nations out of a business for which it is not well suited--managing the conduct of war.

A final and more practical problem is determining who pays the costs of collective security. An effective UN sponsored collective security system must include an enforceable formula for sharing financial burdens. Current peacekeeping operations are financed by assessing contributions from all member-states on the basis of a special scale that places a heavier burden on the permanent five and wealthier nations (Liu, 31). But as evidenced by current UN deficits, "pay-as-you-go" proved ineffective for peacekeeping, and it is likely to yield similar results in the case of enforcement. Therefore, if a collective security is to be successful, some type of regular revenue inducing mechanism--perhaps a rigid well-enforced payment plan--is needed to finance both ongoing operations and discretionary funding.

Many will argue that the recommendations that I have made are radical, ambitious, and from a political standpoint, impractical; and there is some degree of truth in all of these statements. But the debate over collective security continues; and if the problems of the past are to be resolved in the future, then diplomats, politicians and governments jointly must determine who decides, who enforces, and who pays. Ultimately, if collective security is to be successful, decisionmakers must consider the issues raised by this discussion and will in the end take bold, and perhaps in some cases dramatic action, in pursuit of international peace. A United Nations collective security system is one vehicle through which the nations of the world might pursue this lofty objective.

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AGRICULTURE, PRODUCTIVITY, AND MIGRATION IN DEVELOPING COUNTRIES

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ABSTRACT

Agriculture, Productivity, and Migration in Developing Countries

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The agriculture sector plays an important role in the development process and is initially dominant in the economy, containing the bulk of national income, labor, and capital resources. This paper deals with certain aspects of the problem of agriculture in developing economies. The basic contribution of this paper is that it tries to explain observed phenomenon in less developed agriculture with more than the neoclassical "marginal" approach. It asserts that the source of problems in the agriculture sector in developing economies is the lack of information. This gives rise to moral hazard and the resultant distrust affects the decision making of the economic agents in such a way so as to bring less developed agriculture to the throes of low (marginal) productivity. Any incentives which eliminate this distrust will lead to a better situation in that productivity will increase in this sector, as will profitability.

This paper consists of three parts. In part one the problem of low productivity of labor is introduced. It is also shown that this creates a problem for the landlord as he cannot maximize his profits. Then, in the second section, the alternatives to the landlords are outlined and the phenomenon of asymmetric information is introduced. Finally, the paper deals with the feasibility of the incentive method, the alternative with which the landlord is most likely to attain his goal of profit maximization.

I. INTRODUCTION

The less developed economy has been the focus of discussion in economics from time immemorial. The sector in these so called dual sector economies that get the lion's share of attention is the agricultural sector. This paper deals with certain aspects of the problem of agriculture in less developed economies. The basic contribution of this paper is that it tries to explain observed phenomenon in less developed agriculture with more than the neoclassical "marginal" approach. It asserts that the source of problems in the agricultural sector in the less developed economies is the lack of information. This gives rise to moral hazard and the resultant distrust affects the decision making of the economic agents in such a way so as to bring less developed agriculture to the throes of low (marginal) productivity. Any incentive which eliminates this distrust will lead to a better situation in that productivity will increase in this sector, as will profitability.

The plan of the paper is simple. The problem of low productivity of labour is introduced. It is also shown that this creates a problem for the landlord as he cannot maximize his profits. Then the alternatives to the landlord are outlined and the phenomenon of asymmetric information is introduced. Finally, the paper deals with the feasibility of the incentive method, the alternative with which the landlord is most likely to attain his goal of profit maximization.

II. THE SIMPLE MODEL

The simple model which introduces the problem of low marginal productivity of labour involves a landlord whose sole objective is to maximize profits. This is a reasonable assumption as a landlord in a less developed country is unlikely to think about intangible things like utility. He would rather maximize profits which he is able to 'touch and feel.' The landlord is endowed with land by his ancestors and so he does not rent any more of it. He hires labour to work on his fields and borrows money from the government to finance a part of his expenditure on seeds, tractors (if any) and so on.[1] His optimization problem is then to

$$\text{maximize } \prod = p.x(L,K) - w.L - r.K$$

The first order conditions are

$$\partial\prod/\partial L = p.(\partial x/\partial L) - w = 0 \qquad - (1)$$

$$\partial\prod/\partial K = p.(\partial x/\partial K) - r = 0 \qquad - (2)$$

and from them

$$\frac{MP_L}{MP_K} = \frac{w}{r}$$

which is the standard first order condition for profit maximization.

Here there is a problem. Usually in the less developed countries the marginal productivity of labour in agriculture is very low.[2] Thus the marginal productivity of capital is probably much higher than the marginal productivity of labour. Then, for the first order condition to hold, wage rate must be much lower than the rate of interest (i.e., the rental rate of capital). But the wage rate cannot dip beyond a certain minimum because efficiency wages have to be paid.[3] The rental rate of capital, on the other hand, is very low because of the soft loans peddled by the government for political considerations. Thus the optimum is, apparently, unattainable.

The story now becomes a little more complicated as loans of another kind are introduced into the model. The landlords often supplement their income from land by interest income from the loans advanced to the labourers.[4] Let t part of the wage income of the labourers flow back to the landlord as interest payments. An implicit assumption here is that the labourers are manipulated such that they are never able to repay the principal. The optimization problem is now transformed to

$$\begin{aligned} \text{maximize } \Pi &= p.x(L,K) - w.L - r.K + t.w.L \\ &= p.x(L,K) - (1-t)w.L - r.K \end{aligned}$$

such that the new first order condition is

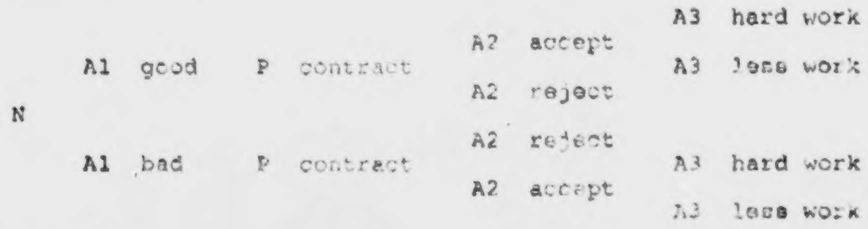
$$\frac{MP_L}{MP_K} = \frac{(1-t)w}{r}$$

Given a certain value of t that is sufficiently large, (1-t)w can be smaller than r. However, t might not be so large. Thus the only conceivable way to actually attain the optimum is to improve the marginal productivity of labour. One way to achieve this is to simply substitute capital for labour, given an assumption of decreasing marginal productivity of the factors of production. But usually the less developed countries have huge unemployment and thus there are various socio-political forces that will oppose this policy. Thus there has to be other methods like providing incentives to the labourers and prevention of shirking.

III. PREVENTION OF SHIRKING

The basic problem facing an employer is that as he hires a labourer, there is no way of saying whether he is a 'good' worker or a 'bad' worker. (Here we consider a labourer to be 'good' if he is inherently suitable for the job at hand and if he works hard once he is hired. If any one of the two conditions are not satisfied then the labourer is 'bad.') In other words, there is no signaling. This is true because in an agrarian set up the skill (which in this case includes his willingness to work) of the labourer can be determined only as he works.[5]

It may be argued that the landlord can consider the past performance of the labourer concerned. However, this method runs into a problem too. In the agricultural sector, the production is a result of combined effort and so it is extremely difficult to attach a certain amount of the output to a certain labourer. The only way to identify the type of a labourer is to keep him under surveillance. But the cost of surveillance is likely to be high both in terms of actual payment made out to the 'watchmen' and in terms of manhours lost to the fields. Moreover, this act of distrust may have socio-political spillovers that may be harmful to the landlord. Thus the landlord is unlikely to take up this option. The problem can be given a Harsanyi transformation[6] and the resultant 'tree' is[7]



Here, for the sake of simplicity, we accept that all those hired have the basic skills necessary to perform their duties. Thus they differ only by their willingness to work. A distinction in the basic abilities of the workers do not change the results in

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any way.

The employer (or the principal) cannot enforce a separating equilibrium because of two reasons. First, he does not know the working capability of a worker (or the agent). Secondly, even if we allow for arguments' sake that there is signaling after the workers are hired, differential wages might lead to social unrest that he is not interested in facing.[8] Thus there is a pooling equilibrium with adverse selection.

This can explain two interesting phenomena. First, if the pooling equilibrium wage is too low according to a 'good' worker, i.e., if this wage rate is below his reservation wage rate, then he will not work in the agricultural sector[9] but will migrate to the industrial sector and work there. The entrepreneurs in this sector will pay a worker according to his productivity. Thus he will earn a wage that is higher than the wage rate of a rural worker. As more and more 'good' labourers migrate to the industrial sector, the wage rate in this sector does not go down because here the labourers are organized and thus can effect downward stickiness of wages. This is a possible explanation of the wage differential that exists between the urban and the rural sectors.[10] Secondly, if this phenomenon holds then the workers staying back in the agricultural sector will essentially be the 'bad' workers. This might explain why the productivity in the agricultural sector of a less developed economy is low.

IV. INCENTIVES TO LABOURERS

The most plausible incentive can be in the form of share cropping. The worker may be given a share of the produce from the piece of land he works on such that the more his productivity the higher is his income. But a sizable increase in productivity calls for technological innovations along with hard work. But such innovations will be taken up by the workers only if there are enforceable long term contracts assuring them a 'good' job for a long time. A job is said to be 'good' if there is security of tenure and provides the workers with at least their reservation wage. Usually this is not the case as the landlord has a greater bargaining power. Thus agriculture as a whole languish.[11]

If this agreement actually goes through then it is the more productive labourers that are likely to stay back. They will produce enough such that the share of it to which they are entitled is more than their reservation wage. The productivity in agriculture will increase and the migration to the industrial sector will then be led by the 'bad' workers. The industries, given Bayesian expectations, will soon perceive a drop in the labour quality and thus will tend to become capital intensive. Their productivity will improve and unemployment will increase.

But this again implies that the gulf between the employed and the unemployed will widen. Since the productivity in both the agricultural and the industrial sectors have now increased, the former because of harnessing of the 'good' labourers and the latter because of capital intensive technology, the income of those employed in these sectors will surely increase. The unemployed have little or no income. Thus the widening gap. At the same time the features of growth have made their appearances in the form of capital intensive industrial sector and higher productivity in the agricultural sector. This may be a pointer to the proposition that the inverted U of Kuznets in the process of growth[12] is at least partially borne out. In other words, inequality can be perceived to have increased in the initial stages of growth.

V. SHARE CROPPING

The previous section hinted at the idea that with share cropping there might be enhancement of growth in the economy, although at the expense of widening inequality. However, share cropping is not a very common phenomenon in the less developed countries.[13] The question is, what prevents the enforcement of this production relation?

There can be some simple and trivial explanation for this. For example, less developed countries have rigid and closely knit social relationships. It may happen that the 'bad' workers reject the offer for share cropping and this sets a trend for the rest to follow. Again, tradition and ego might prevail over economics as landlords refuse to part with their lands. But such cases, although not absent, are certainly not typical given that the modern landlord and the modern peasant are more objective in the formulation of their economic goals than ever before. It is thus reasonable to abstract from conjectures about principal and agent behavior and focus on something else as an instrument to dig for the answers.

Let us take up a situation where the landless labourers are risk averse. This is a reasonable assumption given that they are too poor to gamble about future earnings. This will force the landlord to offer a combination of a fixed wage and share cropping. Now, rural institutions in less developed countries are such that the labourers are likely to get some 'benefits' over and above the fixed wage and his share.[14] If the sum of the 'benefits' and the fixed wages exceeds the reservation wage of the average labourer then moral hazard might become a serious problem. Even if the landlord does not anticipate this, he will soon catch up and will not be willing to offer share cropping contracts any longer.

VI. A 'SECOND BEST' SOLUTION?

We should now try to focus on the nature of a share contract that is feasible. Clearly, the 'first best' solution will be one in which the principal and the agent share the production risk. This will eliminate to a great extent the risk of a peasant shirking. But given that the peasants are reasonably risk averse, this is unlikely to happen. Thus we shall have to settle for the 'second best' solution in which the landlord bears the production risks. But, at the same time, he will have to come up with a contract that alleviates the problem of moral hazard.

For simplicity, let us assume that there are only two states. In the first one, the peasants do not shirk (t_1) and in the second one they do (t_2). These two states occur with probabilities p_1 and p_2 respectively. The landlord forms expectations about these probabilities from past observations. The production function is given by

$$y = f(l;t_i) \qquad , i = 1, 2$$

Then the expected gross revenue of the landlord is (in real terms)

$$E(R) = p_1 f(l;t_1) + p_2 f(l;t_2)$$

The objective of the landlord is to maximize profits with a share cropping arrangement. But he will have to provide an incentive to the peasants in order to make them accept the contract. In other words, he will have to satisfy the constraint

$$S \geq \overline{w}$$

when S is the share of the peasants and w is the reservation wage. We assume for simplicity that this reservation wage not only encompasses the basic needs but also certain essential social expenditures like marriages, etc. Now it is time to make sure that there is no shirking. The contract can be such that for a higher state the peasant's share is higher and vice versa. In that case,

$$S = k_1 p_1 f(l;t_1) + k_2 p_2 f(l;t_2)$$

when k_i is the share of the peasants in state i.

However, even this contract is not good enough. The landlord will have to make sure that the 'good' workers participate. Some of them may be (say) capital poor so as to be not in a position to accept the contract. The way out is to offer a contract such that ex ante a worker may choose between wage labour and share cropping. But the mean payoff from the share cropping contract should exceed the flat wage rate so as to induce the 'good' peasants to accept the share cropping contract.

The optimization problem of the landlord is given by

$$\max \quad E(\prod) = p_1(1-k_1).f(1;t_1)+p_2(1-k_2).f(1;t_2)-wn \quad ,\prod\in[0,1]$$

$$\text{sub to } k_1p_1f(1;t_1)+k_2p_2f(1;t_2) \geq \bar{w}$$

$$k_1p_1f(1;t_1)+k_2p_2f(1;t_2) \geq w$$

$$w \geq \bar{w}$$

The choice variables of the landlord are k_1, k_2, 1, w. The Lagrangean is given by

$$L = p_1(1-k_1).f(1;t_1)+p_2(1-k_2).f(1;t_2)-wn+\mu_1[\bar{w}-k_1p_1f(1;t_1)-k_2p_2f(1;t_2)]+\mu_2[w-k_1p_1f(1;t_1)-k_2p_2f(1;t_2)]+\mu_3[\bar{w}-w]$$

The first order conditions are as follows

$$-p_1f(1;t_1)-\mu_1p_1f(1;t_1)-\mu_2p_1f(1;t_1) = 0 \qquad -(1)$$

$$-p_2f(1;t_2)-\mu_1p_1f(1;t_2)-\mu_2p_2f(1;t_2) = 0 \qquad -(2)$$

$$p_1(1-k_1)f'(t_1)+p_2(1-k_2)f'(t_2)-\mu_1k_1p_1f'(t_1)-\mu_1k_2p_2f'(t_2)-\mu_2k_1p_1f'(t_1)-\mu_2k_2p_2f'(t_2) = 0 \qquad -(3)$$

$$-n+\mu_2-\mu_3 = 0 \qquad -(4)$$

$$\mu_1[\bar{w}-k_1p_1f(1;t_1)-k_2p_2f(1;t_2)] = 0 \qquad -(5)$$

$$\mu_2[w-k_1p_1f(1;t_1)-k_2p_2f(1;t_2)] = 0 \qquad -(6)$$

$$\mu_3[\bar{w}-w] = 0 \qquad -(7)$$

From (1) and (2) we get

$$f(1;t_1)[p_1(1+\mu_1+\mu_1)] = 0$$

$$f(1;t_2)[p_2(1+\mu_1+\mu_2)] = 0$$

such that

$$p_1(1+\mu_1+\mu_2) = 0$$

$$p_2(1+\mu_1+\mu_2) = 0$$

Thus neither p_1 nor p_2 can be zero but will both have to be positive. This implies that there will be a mix of shirkers and nonshirkers even as the contract is being enforced. This is possibly because of the fact that there is no risk sharing.

From (3) we get

$$f'(1;t_1)[p_1(1-k1)-\mu_1 k_1-\mu_2 k_1]+f'(1;t_2)[p_2(1-k_2)-\mu_1 k_2-\mu_2 k_2] = 0$$

or

$$\frac{f'(1;t_1)}{f'(1;t_1)} = -\frac{p_2(1-k_2)-\mu_1 k_2-\mu_2 k_2}{p_1(1-k_1)-\mu_1 k_1-\mu_2 k_1}$$

Now, t_1 is, by assumption, a better state than t_2 and so $f'(1;t_1)$ should be greater than $f'(1;t_2)$. From our previous analysis we know that p_1 can be greater than, equal to, or less than p_2. But whatever be the case, $k_2 > k_1$ will always satisfy the condition

$$\text{abs}\left(\frac{f'(1;t)}{f'(1;t_2)}\right) > 1$$

But this is not what we were looking for in the contract. In fact, there is a very small range of values of k_1 and k_2 for which the above condition holds given that $k_1 > k_2$. Thus the probability that the above condition will hold is very low. So there is little incentive for landlords to offer share cropping contracts to tenants. Hence the observation that share contract is not popular in less developed agriculture despite its apparent ability to improve productivity.

VII. CONCLUSION

The paper has brought into focus many a problem of agriculture in the less developed economies. Importantly, is that it has been able to bring into a single framework works of different economists who have been working on different perspectives. However, its most important contribution has perhaps been to exhibit that the attitude toward risk bearing among the peasants and the profit maximizing goal of the entrepreneur are incompatible so as to make share cropping not feasible.

FOOTNOTES

[1] A question that can be raised here is why would a rich landlord want to borrow money to finance his expenditures. The reasons can be numerous. For example, in India, agricultural loans are often waived owing to political considerations. Also, often the money of a landlord is unaccounted for and thus it is much safer for him to borrow money in order to account for his expenditures. There are other reasons but they are beyond the scope of this paper.

[2] Sen. A. K., **Peasants and Dualism With or Without Surplus Labour**, Journal of Political Economy, 1966.

[3] Bose, G., **Efficiency Wages, Imperfect Capital Markets, and Rural Urban Migration**, MRG Working paper # 8927, USC (unpub.).

[4] For a different treatment of this see Bhaduri, A., **Agricultural Backwardness Under Semi Feudalism**, Economic Journal, 1973.

[5] Note that this problem usually does not arise in the other sectors to as great an extent. In the services sector, for example, the level of education attained is a reasonably good signal for the intrinsic skills of the labourer concerned. In the industrial sector, the division of labour enables the employer to associate a worker with a certain amount of the output and thereby determine how hard he is working.

[6] Rasmusen, E., **Games and Information: An Introduction to Game Theory**, Blackwell, Cambridge University Press, pg. 54-55.

[7] N = nature; P = principal; A = agent

[8] Here there is the same problem of surveillance as described before. There are costs from the points of view of money, lost manhours and worker unhappiness. A detailed exposition of this kind of a phenomenon can be found in Bowles, S., **Power and Wealth in a Competitive Capitalist Economy**, University of Massachusetts at Amherst, 1989.

[9] Dasgupta, P. & Ray, D., **Inequality as a Detriment of Malnutrition and Unemployment**, Economic Journal, 1986.

[10] For an alternative explanation see Basu, K., **Less Developed Economy: A Critique of Contemporary Theory.**

[11] In India, for example, the Green Revolution was very successful in the states of Punjab and Haryana where most farmers had some plot of land that they could call their own. States with large landlords (like Uttar Pradesh and Bihar) met with little or no success.

[12] Ahluwalia, M. S., **Inequality, Poverty and Development**, Journal of Development Economics, 1976.

[13] See Dr. Jeffrey Nugent (USC) and Dr. Jean-Philippe Platteau (University of Namur, Belgium) publications.

[14] A study by Dr. Platteau and Dr. Nugent on marine fishing in eastern Africa showed that the labourers walked off with more fish than they were entitled to. This was the result of a social norm whereby the labourers considered it to be their right to distribute some of the fish as gifts.

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THEORY OF ECONOMIC DEVELOPMENT: ADAM SMITH'S PERSPECTIVE

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THEORY OF ECONOMIC DEVELOPMENT: ADAM SMITH'S PERSPECTIVE

ABSTRACT

The purpose of this paper is to argue that Adam Smith had a theory of economic development, contained within Chapter I, Book III of *The Wealth of Nations*, separate from his theory of economic growth, and that this theory is not only "modern" in nature but predates many later contributions to economic theory. This theory traces development through different types of production from primary to secondary to tertiary. While additional components to this theory are pursued in the last three chapters of Book III, this paper will concentrate on Chapter 1. In addition, although written 200 years ago, this theory does provide a framework within which to analyze some current development problems.

KEY WORDS: Economic Development

THEORY OF ECONOMIC DEVELOPMENT: ADAM SMITH'S PERSPECTIVE

INTRODUCTION

Much has been written during this century on Adam Smith's theory of economic growth or development contained within *The Wealth of Nations*. With all that has been written, Book III of *The Wealth of Nations* has not been extensively analyzed. Except for Bowles (1986:109-118), the analysis that has been done tends to treat this book as a discourse on European economic history. Generally, a distinction has not been made between the concepts of growth and development. For example, Higgins (1968), Hollander (1973), and Blanchfield (1976:Ch. 6), discuss Smith's theory of development, while Lowe (1975), Eltis (1975), and Letiche (1960) discuss his theory of economic growth. None of these writers makes a clear separation between growth and development, when in fact each discussion is similar. Admittedly this distinction is not sharp, however, certainly since WWII economic theory has expanded to include growth theory and development theory. The two, of course, are clearly linked when discussing the theory of development.

The purpose of this paper is to argue that Adam Smith had a theory of economic development, contained within Chapter 1, Book III of *The Wealth of Nations*, separate from his theory of economic growth, and that this theory is not only "modern" in nature but predates many later contributions to economic theory. This theory traces development through different types of production from primary to secondary to tertiary. While additional components to this theory are pursued in the last three chapters of Book III, this paper will concentrate on Chapter I. In addition, although written 200 years ago, this theory does provide a framework within which to analyze some current development problems.

A large part of *The Wealth of Nations* is concerned with the role of self-interest, the functioning of markets, scale economies, and the growth of real income over time. While this theory of economic growth and the importance of markets are also important to Smith's theory of development, there is no direct reference to either of these topics in Book III. Knowledge of the earlier two books of *The Wealth of Nations* appears to be implicitly assumed.

The ideas contained in Book III have not gone unnoticed. A discussion is presented by Skinner (1975) treating this book as a discussion of economic history by examining Smith's analysis of the four stages of hunting, pasturage, farming, and commerce contained throughout *The Wealth of Nations* and Smith's other writings and lectures. Book III clearly is dominated by economic history, primarily of Europe. Undoubtedly Smith intended to place economic history in this book. The book, however, is much more than that: Chapter I contains a theoretical framework for analyzing development and therefore, economic history. The most recent discussion of this Book is by Bowles (1986:109-118) and is a critique of the last three chapters of Book III. Bowles does not directly discuss Chapter I, except to present Smith's basic argument, rather his purpose was to demonstrate how Smith's theory does not demonstrate that development in Europe was unnatural.

THEORY OF ECONOMIC DEVELOPMENT

The first chapter (Of the Natural Progress of Opulence) of Book III contains an identifiable stage theory of economic development. As with much of Smith's writings, some of his concepts are not fully developed. Even so, the theory of opulence contained in the chapter is close to a modern theory of development. A brief overview begins with the importance of agricultural development leading to the development of manufacturing, towns and cities, increasing commerce, and finally the growth of foreign trade as a country develops (SMITH, 1976:405).

The first stage of Smith's theory is the presentation of the conditions necessary for the development of various artificers (craftsmen) and therefore manufacturing. The natural order of development must ultimately be related to the agricultural sector, according to Smith:

> "As subsistence is, in the nature of things, prior to convenience and luxury so the industry which procures the former, must necessarily be prior to that which ministers to the latter." (SMITH, 1976:402)

But Smith goes further and predates some of the approach to development by Ranis and Fei (1961:533-551) by emphasizing there must be an agricultural surplus. That is, agricultural output must exceed that required for the subsistence of agricultural workers:

> "It is the surplus produce of the country only, or what is over and above the maintenance of the cultivators, that constitutes the subsistence of the town, which can therefore increase only with the increase of this surplus produce. The town, indeed, may not always derive its whole subsistence from the country in its neighbourhood,...though it forms no exception from the general rule..." (SMITH, 1976:402)

Once an agricultural surplus exists, subsistence is available for various artificers (craftsmen) to practice and improve their trades. His analysis of this relationship between farmer and artificer contains a circular relationship. The surplus is the necessary condition for the development of artificers, but at the same time cultivation requires these artificers:

> "Without the assistance of some artificers, indeed, the cultivation of land cannot be carried on but with great inconveniency and continual interruption." (SMITH, 1976:403)

Clearly Smith is referring to the need for various skilled craftsmen to manufacture and maintain the tools and methods of advanced agriculture. The circularity begins with the development of the agricultural surplus allowing the growth of artificers. Then agriculture begins to require these artificers in order to maintain the level of production. The implication seems to be that once agriculture is established with a surplus, artificers will allow further increases in output.

The second stage of development is the beginning and growth of towns. Artificers could exist somewhat in isolation but since these various craftsmen are not tied to a location, and since they may also be in need of each other they naturally settle in proximity to each other, forming a town. The locational decisions of these craftsmen will attract other forms of small manufacturing and merchants to supply "occasional wants" and thereby augmenting the town (SMITH, 1976). Even though towns are clearly a collection of various manufacturing and commercial enterprises, the origin and continued existence of towns is directly a function of the agricultural sector. This tendency for different types of commercial concerns to locate in the same general area was examined in some detail in this century by Weber (1909:Ch. V), and called agglomeration economies, with no reference to Smith. Weber, however, was discussing the importance of external economies in the growth of cities.

The continued growth of manufacturing, commerce, and towns is a function of agriculture or the country. Even though the residents of the towns and cities buy and sell to each other, unless there is a continued growth in demand for their products from the country the town cannot grow:

> "Neither their employment nor subsistence, therefore, can augment but in proportion to the augmentation of the demand from the country...and this demand can augment only in proportion to the extension of improvement and cultivation. Had human institutions...never disturbed the natural course of things..." (SMITH, 1976:404)

This process of growth and development cannot continue unless there is continued technological change in agriculture, a point not clearly made again until almost two hundred years later (RANIS and FEI, 1961:533-551). Notice the qualifying statement concerning the interference of human institutions in the natural course of events. While the importance of agriculture is clear, Smith recognized that development does not in all cases require the development of local agriculture. In fact, one of the primary functions of chapters II, III, and IV of Book III is to explain and analyze the development of cities and commerce in the absence of the growth of agriculture. In the process he shows that this latter type of development is mainly a result of custom and law which negates or circumvents the natural order of development or opulence.

Even though this importance of agriculture is contained within some modern approaches to development, for example, Ranis and Fei (1961:533-551) and Johnston and Mellor (1961:566-591), Smith's approach contains an important difference. The more recent approaches tend to emphasize agriculture in the earlier stages of the development process after which the industrial sector will be a stage of self-sustaining growth. Smith, on the other hand, stresses agriculture's importance for the continued growth in the wealth of towns. The first and second stages in Smith's development theory concerns the importance of agriculture and its interaction with the towns. While lacking in detail, the linkages between the country and the town are similar to modern approaches emphasizing agriculture and the industrial (or manufacturing) sectors.

The third and final stage in this theory of development involves commercial contacts beyond the immediate territory or country. Smith begins by discussing this stage of development in North America and that the process of development there does not move into foreign contacts. Once development has reached the stage of well developed agriculture and towns, artificers may find that they have built up more capital than they can profitably employ in their business of supplying local buyers. Since in North America there are large tracts of uncultivated land at low prices, these artificers invest this surplus capital in the improvement and cultivation of land. That is, they become "planters." The reason these individuals, in effect, go back to the land is due to the pleasures and certainties of rural life, and of being "independent of all the world." (SMITH, 1976:404) This relative certainty and desire for the pleasures of country life, results in North American merchants eventually becoming cultivators of land. This may seem to be at variance with Smith's theory, but it is consistent with the view in his second stage that the activity of the town, in effect, feeds back on the agricultural sector.

The attraction of agriculture, as presented by Smith, seems to have been misunderstood. For example, in the edition of *The Wealth of Nations* edited by Cannan, there is a margin note on the "...natural preference of man for agriculture." (SMITH, 1976:402) While Smith discussed the predilection of man for agriculture, the reasons for this predilection are important for an understanding of why development does, or does not, continue in the basic natural order.

The pleasures of rural life and the early activity of man in cultivation are a part of Smith's reasoning in addition to his belief that agriculture was the most productive sector, but the full passage in which he presents this position places more emphasis on the risks and uncertainties of those activities other than agriculture. Specifically, upon roughly equal profits, the improvement and cultivation of land results in less uncertainty since the farmer has his capital more under his view and control. In contrast, those whose capital is employed in trading must not only face the uncertainties of nature, but also the "uncertain elements of human folly and injustice" and to men whom he may be only vaguely acquainted (SMITH, 1976:403). If man has a preference for agriculture, it is only in cases in which there is not a more profitable employment for capital, and the risks are acceptable.

As the progress of development continues with improvements in agriculture and the resulting increase in the wealth of towns, merchants will accumulate capital which cannot be employed in supplying the country surrounding the town. Once there is no uncultivated land or none to be had at reasonable prices (relative to expected profits), the only profitable outlet for this surplus capital is to produce goods for more distant sale, the opposite of what was occurring in North America. Hence, foreign commerce is the last step in the basic outline of the natural course of development. Foreign commerce will not develop until this stage for the same reason that manufacturing develops after widespread advances in agriculture. That is, the risks and uncertainty of foreign trade are higher than in manufacturing produce for local sale (SMITH, 1976:405).

DISCUSSION

Smith's theory of development contained in Book III is a stage theory as are some modern approaches to development, of which the best known is that of W. W. Rostow (1952:Ch. XIII). Whereas Rostow's theory emphasizes the industrial sector as the key in development, Smith presents a continual process of growth in production and interaction between all sectors of the economy in explaining growth. In addition, Rostow's theory moves from stage to stage by examining the levels of certain economic variables. For example, the preconditions stage involves increases in social overhead capital, increases in imports and increases in agricultural technology, and the development of leading sectors; the take-off stage has the saving rate at 10 percent or more, substantial high growth manufacturing sectors and changes in the institutional framework. Smith's approach, on the other hand, tends to be a more dynamic one by emphasizing the interaction between the towns, manufacturing, commerce, trade, and agriculture. This dynamic nature of his theory is clear in the method used to distinguish the different stages, i.e., individual evaluation of risk and uncertainty in alternative uses of capital.

No modern development theory places the evaluation of relative risk in different enterprises in such a position of importance. The minimization of risk and uncertainty provides Smith's theory with conceptually clear dividing lines between each stage of development. Manufacturing will not expand beyond the level required for the support of agriculture and local buyers until surplus capital cannot be employed in the improvement of land. Foreign trade and commerce will not develop until profitable engagement for surplus capital no longer exist in manufacturing or in agriculture. In other words, only when local opportunities for profit have been exhausted will more risky ventures be undertaken. Explaining this would seem to be the reason for the apparent aside concerning the use of this surplus in North America. A more recent example of this flow of commercial profits back to agriculture comes from the experience of Kenya (COLLIER and LAL, 1986). While the reason given for this flow in Kenya concerns the existing system of trade laws, it may be that the relative risks of commercial activities versus agriculture resulting from those laws is a way to

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analyze the behavior of individuals investing commercial profits in agriculture. Except for these general statements concerning risk and uncertainty, Smith provides little detail about the exact nature of the relationship between agriculture and other sectors.

Aside from the importance of risk, Smith obviously places primary emphasis for development and continued progress on the health of the agricultural sector. His main point is that if existing customs or laws do not interfere with the natural instinct to pursue self-interest with minimum risk, development will progress in the manner described in chapter I in which agriculture is important in all stages of progress. Although the emphasis of this paper is on Chapter I, it is useful to examine a couple of the complications or additions to this theory which occur in following chapters of Book III, much of which involves a more detailed examination of cities and their interaction with the country (SMITH, 1976:430-431).

One of the more interesting additions to the theory is the importance of transshipment points which, at first appears to be an exception to his theory. While cities must derive their subsistence and means of industry from the country, it does not follow that it must be from contiguous areas. The inhabitants of a city,

> "...situated near either the sea-coast or the banks of a navigable river, are not necessarily confined to derive them from the country in their neighbourhood." "...and may draw them from the most remote corners of the world, either in exchange for the manufactured produce of their own industry, or by performing the office of carriers..." (SMITH, 1976:427)

So while the theory seems to imply local agriculture is in all cases the key to progress, geography or topography may also be a determining factor, but, near or far, agriculture for the country is ultimately the determinant of the survival and progress of cities. Closely associated with this recognition of transshipment points is his discussion of the importance of transportation costs in determining the location of manufacturing (SMITH, 1976:431). Smith discusses here the importance of weight loosing production processes in which the final product is less expensive to ship than the bulk of the raw materials which make up the product. In this, Smith antedates another aspect of the discussion of Alfred Weber (1909:Ch. V) and his famous problem concerning plant location with a central market and two dispersed raw material sources.

This discussion of Chapter I, Book III of *The Wealth of Nations* is an overview of Smith's theory of development in that it largely ignores the complications added to the theory and the applications which follow in the last three chapters of Book III. It is clear that Smith placed great emphasis on agriculture as the key to the development of manufacturing, commerce, and cities. It is interesting to note that modern development specialists have again recognized the importance of agriculture in many developing countries. The unique aspect of Smith's theory is the role of risk and uncertainty. One may argue that modern approaches emphasize risk by indirectly examining the incentives which may or may not exist for production of various types in developing countries. Even so, there are advantages to viewing the problem in the context of the minimization of risk and uncertainty. As with other ideas of the classical economists, perhaps Smith's discussion of development and his analysis of European economic history in Book III should be examined further for insights in modern development problems.

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Bridging Economic Theory and Implementation In an Interdependent World

by

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Abstract

Interconnectedness among world economies now requires governments in poor countries to rethink strategies literally derived from economic theories. No such economic development strategies, after implementation, have proved inherently beneficial or detrimental; therefore, it is suggested that attention be focused onto relationships among goals, internal capabilities, and environmental forces inside and outside national economies.

Because economic development is engineered by and for humans, investment in human capital is recommended as the logical starting point for development. Indepth study is also recommended toward how to handle such investment.
(87 words)

KEY WORDS: strategy, development, change, interdependence, productivity.

Bridging Economic Theory and Implementation
In an Interdependent World

Statements about rapid changes in the political, social, environmental, technological and economic conditions of the world have become audible even in household conversations. The global economy now resembles a "new ball game" where old rules no longer apply. Unfortunately, not enough players either fully understand nor are adapting to the changes.

Rich countries are getting richer and the poor poorer. This gap doubled in the three decades from 1960s to 1990s (The Economist, April 25, 1992:48). Referring to some East Asian and Latin American countries, the report suggested that trade works better than development aid. Unfortunately, growing protectionism in the developed world is frustrating poorer countries. The same article cited a UNDP report that 20 out of 24 industrial countries are now more protectionist than a decade ago.

Issues of Development

Many authorities now concede that a nation's economic development essentially entails changes in the economic conditions of its citizens. Economic growth, on the other hand, implies an increase in income and output. So growth is not development by itself since it does not guarantee the

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even distribution of income and output. Ultimately, the standard of living and how it is being sustained and improved are the best measures of the success of any economy. Understanding this concept is now crucial for national economic management.

Review of Strategies for Economic Development

Of three development strategies (Seidman and Anang, eds.: 1992) one strategy generally advised is non-government intervention in competitive market forces; therefore, privatizing state-owned enterprises, opening markets to international trade, encouraging foreign investment, increasing export, and increasing labor-intensive manufacturing are encouraged.

Another strategy stresses human needs, prescribing direct state intervention to help the poor meet basic needs and to enable burgeoning small businesses and peasants to compete both in the national and international markets.

Yet another strategy would replace government bureaucracies with new institutions comprising peasants, workers, small businesspersons, and intellectuals to gradually implement social ownership and development of the means of production.

Extant Economic Strategies versus Changing Conditions.

Poorer nations have followed one of these strategies; however, none has proved the panacea for underdevelopment. The basic problem? Even the best economic theories assume certain unchanging conditions for their effectiveness whereas the actual environment is a changing one.

Competitive market forces have succeeded in some countries but failed in others. Privatization did not improve the lot of the majority because other requisite elements were missing (capital market, managerial skill, ... in the former Soviet Union). Thus, privatization alone does not insure progress (McDonald, May-June, 1993).

The poor cannot be a market for either products or capital; neither can they be sellers. This makes opening their markets for international trade and investment less meaningful. Also, labor intensive manufacturing is not viable in international competition against the more efficient capital intensive manufacturing. Besides, existing tariff and non-tariff barriers hamper international trade. Further, most items of comparative advantage to developing countries are technologically replaceable and ubiquitous. Worse yet, developing countries are all crowding to sell the same products into this shrinking market. Hence, competition among these countries is getting fiercer.

What is not yet fully grasped is that the present scene requires increasing the productivity of resources employed. The concept of productivity also implies both quality of products and efficiency of production. These determine both the price and the earnings of human and material capital employed. In turn, price and earnings affect the national tax that pays for public services to improve the standard of living.

Development of nations is intertwined. Generally speaking, both import and export form important components of national productivity and growth. However, mechanisms for export and import promotion matter greatly. Mere balance of trade may be achieved by simply increasing exports through keeping wages low (or devaluing currency) and importing goods not produced in the nation. This exploitation of workers and manipulation of currency exchange lowers the price of exports; meanwhile, these maneuvers also reduce income, make imports unaffordable, and lower the national standard of living.

Foreign exchange holdings and earning capacities of poorer countries have also dwindled. Most of these countries concentrate their trading partnership with the industrial world. However, when interest rates soared in industrialized countries in the 1980s through 1990s, doubling those in the preceding three decades (Hogendorn, 1992:13), they reduced investment globally, slowed growth in the developed world, and further restricted demand for developing country products. Coupled with the debt payment, most developing countries' outflow of foreign exchange now exceeds their inflow.

Despite the fact that entrepreneurs, not governments, are more likely to be in tune with market forces, other schools of thought recommended various forms of uncritical state intervention. Thus "enlightened", some governments took total control of national economies but quickly became battle grounds where superpower ideologies and artillery armed contending factions. Ever since, political leadership has remained a key problem for developing countries.

When the "Cold War" ended, other entrepreneurs quickly made former battle grounds their best markets for weapons. Concurrently, investment attention moved away from most other poor nations to the relatively better developed nations of former Eastern Europe. Conditions are exacerbated by the deteriorating economic conditions and the ensuing struggles for getting a larger share of the shrinking pie through ethnic/tribal powers. Modern communications has further eroded national pride and patriotism by exposing the glaring differences in living standards between the rich and the poor nations.

Emphasis has been also diverted to whether governments should intervene in development. Many failed to learn from judicious state interventions in Japan and in the North-East

Asian Newly Industrialized Countries (NICs) which have brought miraculous economic progress. Or the totalitarian government of China which is also surging forward in a manner long forgotten by the leading market economies (BusinessWeek, May 17, 1993:54-69).

Cost of Ignoring the Interconnectedness of Conditions

For ignoring the interconnectedness of global conditions, rich countries are now suffering illegal migration, drug trafficking, and related crimes. These pressures are very hard to withstand given the widening gap between the rich and poor countries.

Another cost to developed countries is endangered productivity: with the intense struggles for access to each other's markets, it is inevitable for productivity to decline in each developed country unless export markets in developing countries are cultivated. This trend is aggravated by the declining birth rate in the developed world. As productivity declines, so does employment, the market, productivity, ... in a cycle.

The third cost is an ecological imbalance caused by deforestation, overgrazing, and soil erosion. A related cost is pollution: Developing countries already contribute 45% of yearly addition to the greenhouse effect and are likely to continue doing so (Ravenhill, 1992/93:218).

Recommendations for Integrated Development

Foremost, the political leadership of developing countries has to eradicate factionalism. If nothing else, it should cultivate internal unity and foster regional cooperation. Then, they need to start with clear, targeted and realistic future goals. Often, intense eagerness to see a better version of their countries results in wishful goals (Mitiku, 1992:9-10, 258).

Second, developing countries should understand the new interdependent environment. Opportunities in this environment are to be utilized and threats to be squarely challenged. Vis-a-vis this environment, strengths have to be nurtured while weaknesses have to be outgrown and changed into strengths over time.

Third, governments need to encourage entrepreneurs to enter other innovative industries and absorb any labor displaced by efficient productivity. National income should be raised through productivity and exports: export promotion through improving relative national productivity while importing those items with low productivity translates into higher standards of living.

Fourth, governments should build capabilities for enhancing productivity. Capabilities include infrastructure (communications, power/energy, technology), humans (health, education, values, beliefs, motivation), materials (raw materials, finance), and institutions (public, private).

These elements will greatly influence the supply and demand conditions in the home market.

Fifth, governments should not ignore cultivating the marker in the home country since the home market demand influences innovation for advanced technology and innovative goods (Vernon, 1966). Developing country participation in the international market could not improve otherwise.

Sixth, developing countries should diversify their industries; this will provide needed linkages to boost the economic dynamism (Porter's, 1990).

Development requires a concerted and directed effort over time. Since the thinkers, the shakers, and the movers of national economies are humans, nothing short of an investment in human capital will pull poor nations out of their poverty. The specific form of investment and how it is managed are issues recommended for another study.

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Civil Society in East Central Europe:
The Misadventures of a Concept

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Civil Society in East Central Europe: The Misadventures of a Concept

Abstract

In Eastern Europe, the fall of Communist regimes in 1989 has been hailed as a triumph for democracy, with civil society being the motor of the democratization process. This logic assumes that without civil society and the qualities that it embodies (plurality, freedom to organize, to name a few), there can be no democracy.

Assuming that civil society and its components are "good," many scholars focus on its density (quantity of groups), rather than its contents (what kind of groups), concluding that the denser the civil society, the better for democratization.

These assumptions reflect an ideal type that equates civil society with an inherently harmonious, holistic, benevolent public space, emerging independently of the regime. This ideal type has trapped us into thinking unidimensionally about civil society, and blinded us to what goes on within it.

In this joint venture, we explore whether civil society lives up to its favorable reputation and discover that it is fragmented and Janus-faced in character, with the potential for both a beneficent and sinister side.

Key words: Eastern Europe, civil society, dissident movements

Civil Society in East Central Europe: The Misadventures of a Concept

Concepts of political science are often trapped in ideal types. Civil society is no exception. The commonly accepted way of viewing civil society as an ideal type rooted in Western liberal tradition does not necessarily correspond to the reality of the emergence and character of civil society in East Central Europe. Assumptions of this ideal type posit civil society as an inherently harmonious, holistic, benevolent space that emerges independently of the state.

This paper asserts that civil society is neither a paragon of harmonious totality nor inherent "goodness." Group differentiation, political differences and the overall balance of forces within civil society are overlooked. We offer an alternative perspective on civil society that suggests its splintered and ambiguous nature: it is a space, relatively autonomous from the state, comprised of consensual and/or opposing fragments, which are political in nature and not necessarily equal in force. Some forces outweigh others, and the fragment(s) that gain hegemony in civil society determine its character. Thus, the balance of forces within civil society is crucial to its character. Civil society encompasses the possibility of inner fragmentation and contestation.

This investigation examines the emergence of dissent or opposition and dissident movements as a fundamental part of civil society in East Central Europe, specifically in former Czechoslovakia, Hungary and the former East Germany, following the period of de-Stalinization into the 1980s. Dissent and dissidents became vital building blocks of civil society, because the act of dissenting created space for the articulation of repressed issues, values, and ideas. Intellectuals, acting as the vanguard of dissent, engaged in highly philosophical and abstract debates concerning opposition. We examine in particular the ideas of the prominent Czechoslovak dissident, Vaclav Havel, who was a founder and spokesman of Charter '77, the dissident movement with a human rights agenda.

Havel's Version of Civil Society

In his work "Power of the Powerless," Havel (1985) refers to civil society as "independent society," formed by "living within the truth." To explain the process of "living within the truth," Havel tells the story of a greengrocer living in a post-totalitarian system. The greengrocer hangs the prophetic sign "Workers of the world, unite!" in his store window. He may not believe the message, but he nevertheless displays the sign every day, in accordance with the demands of the post-totalitarian state, neither thinking about the sign's message nor about the significance of his daily action. The greengrocer thus confirms, fulfills, creates, and embodies the lies and falsities of the system.

But there is hope. Havel argues that this process of instantiation is broken if and when the grocer takes down the sign that he does not necessarily believe. The grocer begins to "live within the truth." This is the first step in creating a separate realm, an independent society understood as civil society. As citizens break away from the grip of state-induced automatism by living within the truth, they practice an autonomous act, separate from the state.

Havel's theory of the state and civil society assumes a harmonious totality stemming from the Enlightenment. He separates civil society from the state in the starkest terms. On the one hand, civil society is depicted as pristine and spiritual, while on the other, the state is portrayed as corrupt and morally bankrupt. Civil society acts to detotalize the immoral state, a process of disempowerment. Following Havel's reasoning, as more people join in "living within the truth," and the populace abandons its support for the state, the state's control collapses from the weight of its own lies. The "goodness" of civil society also resonates in "living within the truth." According to Havel, by taking a stance of "living with the truth," one is engaged in a moral and spiritual act; "living within the truth" transcends the politics of the state, leading to a human order far superior to the political order.

Shortcomings

Havel unfortunately leaves something fundamental out of his analysis of civil society: politics. Notions from the Enlightenment come back to haunt him: politics is "bad," and civil society, as a moral force, is "good." This pristine attitude concerning politics is manifested in several ways. For example, Havel insists on avoiding the term "opposition," because it is politically-charged. He objects to the term because the post-totalitarian state branded any opposition perceived inimical to the state as an enemy of the country. The leaders of Charter '77 identified themselves as antipolitical or non-political because the political space had been occupied by the Communist Party. The members of Charter '77 rejected the label of a political movement, preferring to think of themselves as a moral challenge and calling themselves a civic initiative rather than a political program. Politics was intrinsically seen as adversarial, rather than constructively argumentative.

These "anti-political" stances leave Havel vulnerable to attack from camps as varied as the neo-conservative Right and the Left. By categorically negating politics, Havel creates an idealistic, utopian vision, which excludes the possibility of constructive political change. Critics argue that ethical elitism characterizes dissidents groups, who are not in touch with the needs of society, and criticize the role of the intellectual as surrogate spokesman for society. A return to the "real" politics of competing forces or at least an acknowledgment of the realities of politics is necessary.

Havel is blinded to the fact that politics may play a crucial role within civil society, in his attempt to promote civil society as good, unscathed by the dirty, divisive dealings of the politics. Although many dissident initiatives considered themselves non-political and non-oppositional, we interpret civil society in East Central Europe as highly political and oppositional. Demanding basic human rights or other rights denied the populace by the state, or urging the state to adhere to its own standard of legality is, in fact, political, oppositional, and challenging to the existing order. These objections connote participation in politics. The realization of these demands would lead to dramatic change in the political system. Thus, despite Havel's assertion that the Charter was not geared toward systemic change, its demands imply just that.

Even the moral or spiritual act of "living within the truth" is political from the viewpoint of challenging the state-propagated system of lies and falsities. The refusal to participate in falsehood or the desire to bear loud witness to one's own views and conscience, i.e. the freedom of expression, are political in scope. The culmination of these acts led to overt opposition, the articulation of a political agenda and eventually, direct opposition to state politics.

The Reality of Civil Society

Contrary to Havel's vision of a civil society emerging independently of the state, in a post-totalitarian system it is unrealistic to conceive of a civil society which originates from without the state. The first stirrings of political opposition, the mainstay of civil society in East Central Europe, often originate within, rather than from outside, the Party. The case of Czechoslovakia illustrates that political dissent sprouted from within the official party. By 1968, Novotny's once unified opponents within the Czechoslovak Communist Party could be divided into three strands of opposition, of which the progressives emerged as the carriers of dissent. The progressives demanded far-reaching structural reform of the existing political system.

Moreover, the state can create incentives or constraints on the development of civil society, i.e. "carrots" and "sticks" to guide, influence and regulate any independent sphere. The post-totalitarian state created positive incentives by seeking to encourage the citizenry to stay out of politics. It promised, in exchange, to stay out of their private lives. In the Hungarian case, Kadar made deals with the intelligentsia, an unwritten compact of sorts. If the intelligentsia remained outside the realm of politics, scientific freedom and financial rewards would be granted. As long as the intelligentsia carried out this tacit agreement with the regime, the individuals were not to be considered a direct challenge to the party's rule.

The "sticks" or negative constraints to discourage citizens from engaging in politics and dissent were embodied in repressive measures. Life could become difficult for "problematic" citizens, as they depended on the state for surviving daily life, which limited the degree to which independent actions could be taken by individuals without fear of reprisal. While the Hungarian regime was relatively lenient, the government policies in Czechoslovakia and East Germany were more stringent: those who did skirt the regime paid a heavy price, ranging from harassment to imprisonment.

The state's influence on most aspects of life in a post-totalitarian system extended to the cultural sphere where it tried to promote social realism as propaganda for its interests. The post-totalitarian state continued to set the terms and the framework in which new elements of civil society could emerge and were structured. The agenda of civil society and dissident movements was set to an extent by the state. Certain realms were designated off limits, while others were at least initially viewed as unthreatening, and therefore permissible. The state, by defining, altering and shaping the boundaries of the permissible sphere of citizen involvement and articulation made the boundaries of civil society fluid.

Politics and Fragmentation within Civil Society

In contrast to Havel's portrayal of civil society, dissident movements in all three countries reveal that civil society is not a harmonious entity; it contained fragmentation and political discord. Although seemingly united in opposition to the regime or to what dissidents perceived was denied them, e.g. basic human rights in the post-totalitarian system, the opposition was a highly fragmented group. United in opposition, political and ideological divides among members were overlooked - differences on a variety of topics spanning socialism, peace, and political roles.

United under a human rights platform, Charter '77 in Czechoslovakia overlooked deep divides among its members. Even the two most obvious strands of political orientation, socialists and democrats, i.e. reformer communists and non-communists, remained undifferentiated under the Chartists' philosophy. In reality, many socialists advocated reforming the East Central European brand of socialism, while a large number of democrats endorsed capitalism and "new right" values. In order to join in opposition, both camps were obliged to make temporary concessions. But this did not erase their fundamental ideological differences.

In Hungary, the desire to stake out a political role united the dissidents. Yet, underlying this apparent unity was a split along issues expressed in the age-old urbanist-populist debate. Those intellectuals who espoused populist ideology urged a revitalization of Hungarian society, thought to have been lost during the Communist takeover. The populists were less preoccupied with Party reforms or extra-

Party political activity and more concerned with the restoration of traditional Christian and Hungarian values, which they listed as morality, humanist, and honesty (Bugajski & Pollack, 1989). They were characterized as anti-Semitic and supportive of the Hungarian minority living in Transylvania. On the other hand, the largely Jewish intellectual urbanists, who were initially supportive of communist ideals, became more committed to promoting liberal democracy in the 1960s as a reaction to the post-totalitarian regime. In the 1970s, they turned to issues of human rights for Hungarians, both at home and in Rumania.

Similar to Charter '77, these ideological divides were masked by a common opposition the regime, brought on by addressing taboo subjects, including the issue of Hungarian irredentist minorities. Yet, fragmentation among the dissident intellectuals within civil society became evident through their different political agenda and ideological cleavages. The two diverse strands - the more nationalist, conservative populists and liberal, human rights-oriented urbanists - were linked in an uneasy union.

In East Germany, dissidents consisted of two major camps: a small group of left-wing intellectuals who wished to stay in their country and voiced critique of "actually existing socialism," and a contingent of the citizenry who rejected the system outright and found an alternative by emigrating to West Germany.

Within the left-wing circle, despite being united under the umbrella of reforming East German socialism, ideological splits nonetheless existed: those who linked individual freedom with an improvement in living standards (thus believing that a certain amount of materialism could be productive), and those who espoused an intellectualizing of the workforce leading to "emancipatory interests," understood to be non-material interests such as the development of the human personality and self-fulfillment of individuals in all aspects of human activity. (Woods, 1986)

Thus, in the East German case, two major fault lines existed within civil society. One consisted of dissidents who wished to stay and those who wished to leave and sympathized with the West. Another cleavage became manifest among those who did stay behind, between a utopian vision of communism and more concrete proposals of democratic opposition, encompassing human rights.

Civil Society Reconsidered

In the East Central European case, Havel propagated a Western, liberal interpretation of civil society. He emphasized its independent, good, spiritual, morally sound and anti-political qualities. In this tradition, civil society is viewed as a united, unfragmented force standing in opposition to the "evil" regime. The relationships within civil society and their bearing on the character of the space in general are assumed to be harmonious; the existence or effects of cleavages potentially clashing within civil society on civil society are ignored.

Yet, in all three countries, civil society was not a consensual, harmonious, singular force. Instead, differentiation and fragmentation better characterized the nature of civil society; when examined closely, it was comprised of various, disaggregate factions, only seemingly united in opposition.

Political and cultural fragmentation is a crucial part of civil society. A reconsideration of civil society leads to the following perspective: civil society is a space that emerges relatively autonomously from the regime, being neither inherently "good" nor "bad." It can be filled with politics, fragmentation, contestation and struggle. This reconceptualization not only better captures the character of the elusive civil society (in a communist context and perhaps beyond) but also sensitizes us to conflicts marking the landscape of East Central Europe now and in the future.

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DEMOCRATIZING THE GLOBAL WORKPLACE

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DEMOCRATIZING THE GLOBAL WORKPLACE

by

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Firms all over the globe are being faced with many worker-related problems such as decreasing productivity, faltering quality of products, persistent absenteeism, low morale, and high levels of turnover. For many organizations, the ability to respond to these problems successfully is of critical importance to compete effectively in the global market. One concept which is showing particular promise as a comprehensive solution to those problems, is the democratization of the global workplace through the use of self-managing teams (SMTs). The purpose of this paper is to explore the utilization of this concept in various companies/countries which has been experimenting with it.

WHAT ARE SELF MANAGING TEAMS?

Various definitions have been advanced of Self-managing teams. Among them are:

> A work group allocated an overall task and given discretion over how the work is to be done. These groups are 'self regulating' and work without direct supervision (Buchanan, 1987, p.40).
>
> Workers organized into teams on the basis of relatively complete task functions. They make decisions on a wide range of issues, often including such traditional management prerogatives as who will work on which machine or work operations, how to address interpersonal difficulties within the group, how to resolve quality problems, and so forth (Manz, Keating, and Donnellon, 1990, p. 15).
>
> Usually five to fifteen employees who produce an entire product instead of subunits. Members learn all tasks and rotate from job to job. Teams take over managerial duties including work and vacation scheduling, order materials, etc. (Hoerr, 1989, p. 57).

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From these definitions, we can see that self-managing teams are relatively small, highly autonomous work groups that take complete responsibility for a product, project or service. SMTs are more than just another way of directing or overseeing groups. The concept involves nothing less than the complete restructuring of the jobs that people perform (Simmons, 1989).

Team members operate without a visible manager and assume many primary management responsibilities. Hence, one of the primary features which tends to distinguish SMTs from other participative management concepts is the fact that control and accountability are pushed down to the lower levels of the organization. "They [SMTs] represent the transfer of considerable authority down the corporate ladder. Teams have authority over 'doing things right' and 'doing right things'" (Townsend and Gebhardt, 1990, p. 7).

In a sense, the concept is a pragmatic manifestation of the often used slogans that "the employees are the company's greatest assets". By "empowering" the workers with the authority to shape the destiny of the organization and their own, many companies are discovering that employees actually possess a great deal of hidden potential which can be used to advance the competitiveness of the firm. Research indicates that organizations which encourage employee self-management can increase productivity by some thirty percent (Hoerr, 1989).

SMTs IN THE INTERNATIONAL BUSINESS ARENA

Much can be written abut the various SMT experiments throughout the world, the underlying reasons, the reaped rewards and the encountered difficulties. Due, to space limitations, however, much can not be addressed. An example of that is the national cultural context within which the concept has emerged. Yet, a "Cook's Tour" of the international business scene can perhaps be one of the best ways to gain a broader understanding of the comprehensive, solution-oriented nature of the SMT concept, and its global utilization.

Australia: ICI Ltd.

ICI Ltd. is one of Australia's premier companies and a major force in the world of chemical manufacturing. A recent article in Worklife Report (1990), relates how the company embarked on an extensive self-evaluation in an effort to become more competitive. The company discovered that in order to move toward greater operating efficiency, and thereby increase its competitiveness in the world market, it would have to overhaul its organizational structure. In addition, upper management also decided that it was necessary to move away from the company's existing authoritative management system and cultivate the skills of its work force so that each employee could competently handle a number of diverse tasks and responsibilities.

Canada: Du Pont Canada

J.M. Stewart's (1989) examination of Du Pont Canada provides an insightful look at the critical role SMTs can play in securing strategic objectives. In the early 1980s, Du Pont was a conventionally structured organization which operated under a traditional management style. Productivity was slipping and the company was facing increasing pressure from foreign competitive forces. As part of an overall strategy to transform itself into a world class enterprise, Du Pont's management decided to re-think the way it organized and managed its work force. It was decided that the cornerstone of the company's new approach to utilizing employees would center on self-managing teams. Du Pont Canada's management was of the opinion that the use of small autonomous work groups would "...unlock and stimulate people's talents, energies and imagination" (Stewart 1989, p. 49). In a simultaneous move, an extensive program of retraining employees was initiated along with the removal of artificial hierarchal barriers.

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The results were impressive. Since the advent of self-managing teams, worker production and morale have increased substantially. In addition, the company's return on equity has increased to such a level that the firm is now ranked in the top quarter of leading Canadian companies. Du Pont's future appears to lie with self-managing teams. As such, the company has made a long term commitment to continually invest in the training and development of its employees.

Japan: Kyocera Corp

In Japan's Kyocera Corp. efforts have been made to institute a more advanced form of employee self-directing groups than that which currently prevails (Mino and Anjo, 1987; Zeleny, 1990). This new generation of worker self-management is called "amoeba" which is a management philosophy that uses SMTs in a highly flexible manner. Like the micro-organism that the concept is named after, the "amoeba" can subdivide or come together and grow depending on the amount and nature of the work involved. Although very little information is available about the concept, it does appear that the 'amoeba", as with all forms of SMTs, requires tremendous amount of employee training and high levels of autonomy. The use of this philosophy has lead to the emerging idea of business ecosystems (Zeleny, 1990).

Sweden: Volvo

In 1990, Volvo logged some of the most impressive achievements in the automotive world. Among these were a reduction in assembly time by twenty-five percent, a five percent decline in inventory turnover rate, employee turnover was stripped by five percent, and absenteeism fell by four percent (Krepchin, 1990). How was this auto-maker able to attain such advances in an industry noted for its mundane jobs and lagging employee morale? The answer lies in self-managing teams.

Volvo has long been committed to developing innovative work designs and then disseminating these approaches throughout its assembly units. In the past, the auto maker, like many other manufacturers in Sweden, had considerable problems with productivity and absenteeism. In an effort to combat these problems, the company decided that it needed to institute some form of dynamic change within its assembly plants. The company believed self-managing teams would provide the answers to their problems.

In documenting Volvo's success with SMTs, Paul Bernstein (1988) discovered that the concept was first employed at the company's Kalmar plant. The company started by dividing the manufacturing process into several functional areas. Workers were then assigned to teams within each assembly area and given extensive authority in managing all aspects of the production facility. As a result of using SMTs the plant's efficiency skyrocketed.

Given the success at the Kalmar plant, Volvo then turned to its truck assembly facility as the next candidate to receive the self-directed group approach. The plant's operations were subsequently divided into six assembly stations. As at Kalmar, each station had its own small autonomous work team whose members were collectively responsible for managing their own respective field of operation. Each group had its own group representative who interfaced with upper management. Workers were given a considerable amount of training in order to fully develop their skills and abilities as self-managers. The move resulted in an appreciable drop in direct labor requirements.

The United Kingdom: Digital Equipment, Inc.

David Buchanan (1987) provides an interesting account of Digital Equipment's efforts to radically overhaul its Scottish manufacturing facility in order to remain competitive. According to Buchanan, Digital Equipment of Scotland was faced with two alternatives -- either radically change its manufacturing unit or face a severe business decline. Given these choices, the company chose to restructure its operations so as to foster an "autonomous working group" (SMTs). The firm then began to reorganize its work force into self-directing teams of no more then twelve employees per group. These teams were given complete discretion over production. In addition, team members were encouraged to develop a host of skills so as to be more effective in the performance of their jobs as well as in the training of others.

Restructuring the labor pool was only half of the job. Digital of Scotland developed its management force in order to better serve the teams. The transition from the traditional directive management style to a more supportive approach was difficult for some. But with a strong commitment to management training and development, managers began to feel more comfortable with their new role and the team concept soon began to take off.

The United States: Communication Works of America

America's competitive standing is currently being assailed from many sides. Intense foreign competition, technological changes, product quality and the deregulation of various industries are major challenges facing U.S. businesses. Some, such as Chrysler, have responded by calling for increased government protection. Others have chosen the proactive approach of empowering workers with greater levels of autonomy.

Not so long ago, any form of worker participation would have been met with great resistance and distrust on the part of labor (Hoerr, 1989). But now labor and management are beginning to understand that greater cooperation is the key to survival (Ephline, 1987). This environment is highly conducive to the advancement of self-managing teams.

Thus, even though the concept of self-managing teams has been used by several American firms with good results, as in Rohm and Haas Bayport Inc. (Wagel, 1987) and the Shenendoah Life Insurance Company (Frederiksen, Myers and Riley, 1986), the more interesting American Story comes from the Communication Workers of America.

Unions are often seen as immovable forces which resist change in order to protect their own self-interests. Yet there is at least one part of organized labor which is actively encouraging the use of innovative work techniques. This pioneering union is more commonly known as the Communication Workers of America (CWA).

The CWA has not always had harmonious relations with the companies whose employees the union represents. In recent years though, the union has gained considerable notoriety for fostering unique labor-management relationships, particularly with American Telegraph and Telephone Company (Aaron Bernstein, 1988). But what makes the CWA's bargaining agreements so different from the others?

To answer this question Greg Nicklas (1987) uncovered that in negotiating with management, the union bargains for the contractual establishment of self-managing teams. He also revealed that the actual establishment of these autonomous teams is a joint effort of both the union and the company. The restructuring of jobs and processes is guided by a steering committee and further facilitated by outside resources.

In initiating self-managing teams, the union insists on documenting all agreements and obligations. This move is seen as a success factor in that all parties have a clear picture of what is expected.

Although the union has only been experimenting with SMTs for a very brief period of time, the results look promising. Union members who have been part of the self-managing team concept, report feeling a greater sense of job satisfaction.

CONCLUSION

The problems which confront International businesses are as numerous as they are complex. Challenging such difficulties as absenteeism, low morale, product quality and slumping productivity is no easy task. As we have seen, a number of companies around the world have turned to the self-managing team philosophy as a means of finding solutions. The results have been encouraging, yet SMTs are by no means a panacea (Taylor, Friedman, and Courture, 1987). Self-managed work groups require a long term commitment on the part of everyone involved. The concept also challenges the fundamental and established ways of managing. Companies need to realize that although SMTs offer a number of benefits, initiating such structures can be a long, difficult process.

As SMTs slowly begin to gain wider exposure, there appears to be a need to refocus on the true essence of the concept. SMTs have been referred to by a number of different names - (i.e., super teams, self-directed teams, power teams, autonomous group working and cross-functional teams) - yet regardless of the terminology, the core concept remains the empowerment of workers with the necessary autonomy to effectuate self-management in the work place. To some extent the idea of worker autonomy is occasionally being forgotten as the less extensive forms of worker participation - (i.e., problem solving teams, special-purpose teams, task forces, action groups, and quality circles) - are occasionally being equated with self managing teams. Such linkage can only detract from the unique nature of the SMT philosophy and misrepresents the concept as something less than a solution oriented, pro-active management approach. Further research is needed to clearly articulate the difference and insure the understanding of the parameters on which true self-managing teams are based throughout the world.

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INTERNAL BOSNIAS:
IMMIGRATION & THE E.C.

by

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INTERNAL BOSNIAS: IMMIGRATION & THE E.C.

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In the mid to late 1980s, some commentators describing the European Community began using the term "Euroschlerosis." There just wasn't anything moving. Then, after the collapse of East European Communism in 1989, the same commentators began talking about "Europhoria," the feeling that pan-continental unification had suddenly become a possibility.

Since 1992, however, another term has surfaced as the 12 member nations of the E.C. have been faced with the practical implementation of the goals of Project 1992 and the ratification of the Maastricht Treaty. This term -- "Europhobia" -- says it all. Somewhere along the line, fear seems to have replaced hope as the operative emotion among the nations of the E.C. Denmark fears its poorer southern neighbors will bring down its standard of living. The United Kingdom fears further erosion of the inviolable sovereignty of the "Mother of All Parliaments." And just about everyone fears that the E.C. may become the engine, rather than the brake, for German dreams of continental hegemony.

One consequence of the rise of Europhobia has been the abject failure of the E.C. member nations to devise a coordinated foreign policy. Under the forceful leadership of the U.S., the Community did manage to devise something approaching a common policy during the Gulf War -- but then again, so too did most of the rest of the world. In dealing with the disintegration of Yugoslavia, however, the E.C. nations have been paralyzed, neither able to follow American leadership nor agree amongst themselves about what to do.

Rather than demonstrate their unity, the actions of the E.C. nations have actually highlighted the degree to which their internal considerations still vastly outweigh their commitment to a common European vision. Acting unilaterally, Germany quickly extended diplomatic recognition to both Slovenia and Croatia, both former German satellites. Wary about setting secessionist precedents, such ethnically heterogeneous states as Spain and the U.K. continued to treat Yugoslavia as a juridical entity. And, on the Yugoslav borders, Italy and Greece based policy in part on the possibilities of huge refugee flows and an expansion of the war into Macedonia. At every step, the E.C. failed to act as one.

For many of the same reasons, the E.C. has also failed to develop a coordinated policy with regard to immigration into the Community, a pressing concern considering that all internal borders are supposed to be dismantled to allow for complete freedom of movement. As with foreign policy, the concerns of the E.C. as a whole have been subordinated to the individual interests of each state, which vary widely depending upon geography, standard of living, colonial legacy, and a host of other factors. With the chilling rise of right-wing violence aimed at foreigners in Germany and elsewhere, however, the time has long since come for the E.C. to face up to this very real and very immediate issue -- because all the available evidence suggests that left to itself the E.C. may be faced with a dozen internal Bosnias.

Indeed, the number of potential migrants into the E.C. is frighteningly huge. Ethnic minorities alone, for instance, include some ten million Rom Gypsies with no home country, three million Hungarians outside Hungary, 25 million Russians outside Russia. Any of these may find themselves forced from their countries of residence. Likewise, civil wars in Yugoslavia and the Caucuses have generated millions of refugees. Future conflicts, a likely prospect, could generate millions more. And, should economic privations continue, millions of Albanians, Poles, Bulgarians, Romanians, Ukrainians, and others may try to seek a better life in the E.C.

Yet, to a very real extent, potential migration from within Europe is small when compared to potential migration from without. Far more troubling, from the perspective of assimilation and local attitudes, is the possible influx of darker-skinned, mainly Moslem non-Europeans into the E.C. Among the E.C.'s 327 million people are already some 12 million immigrants or descendants of immigrants, largely from Turkey, the Maghreb nations of Morocco, Tunisia, and Algeria, or the former African and Asian colonies of one-time imperial powers. With increased birthrates and increased poverty going hand-in-hand throughout the world, increased demand for immigration into the E.C. is almost a foregone conclusion.

Faced with the reality of unmanageable immigration, and the xenophobic reaction it has already elicited, the countries of the E.C. must clearly do something, although exactly what is far from clear. As signatories of the Geneva Convention on the Status of Refugees of 1951, all the E.C. member states are bound to grant

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asylum to anyone who can demonstrate "a well-founded fear of being persecuted in his country of origin for reasons of race, religion, nationality, membership of a particular social group or political opinion." Beyond that, however, it's up to the member states to devise their own common policy, keeping in mind that on a frontierless continent, such a policy will only be as strong as its weakest link. Yet, the obstacles to harmonization of immigration policies are tenacious, deeply rooted in the individual historical experiences of the various member nations, which were, of course, not allies but rivals until the post-World War II restructuring of the continent.

Thus, until recently, the Basic Law of the Federal Republic of Germany required that state to grant immediate citizenship to any ethnic German. Both Italy and Ireland, similarly, were long countries of net population export, and have undertaken schemes to get expatriates and their descendants to return. Greece, unlike other E.C. nations, has a number of co-ethnics in adjacent non-E.C. areas. And Denmark maintains special ties to the other Nordic nations of Iceland, Sweden, Norway, and Finland, none of which are now in the Community.

An even more powerful influence is that of the colonial legacy. Spain has traditionally maintained a policy of visa-free travel for citizens of the Maghreb as well as for its former colonies in Latin America. Portugal's ties to Brazil and other former colonies are even closer. Likewise, France retains special ties to its former colonies in North Africa, the Netherlands to Indonesia and others, and Belgium to Zaire. And, of course, the

United Kingdom remains at the helm of a Commonwealth whose 50 members represent a quarter of the earth's population.

Another obstacle is simple, ingrained tradition. Portuguese law, based on the Code Napoleon rather than Roman Law, has its own distinct traditions related to citizenship law. Some states, such as France, grant citizenship based on place of birth, most others based on the parental nationality. Differing laws on privacy have delayed the creation of a police database for tracking asylum seekers. And the specific policies employed to fulfil the obligations of the Geneva Convention vary widely.

Considerable though these obstacles may be, however, they are hardly insuperable. Any coordinated policy, it would thus seem, should be based on three principles: (1) deterrence of immigrants before they arrive, (2) vigorous enforcement of a common screening process, and (3) establishment of a common policy for treatment of legal immigrants once they arrive. In this way, the E.C. can avoid the humanitarian nightmares caused by turning away huge contingents of illegal immigrants one they are at the border; prevent any one country or region from developing a reputation as an unguarded point of entry; and safeguard the rights of the immigrants and their descendants already living within the E.C.

In all, the challenge of migration into the E.C. is one with vast potential for disrupting the process of integration, but should not be an insuperable obstacle. The establishment of a flexible yet broadly standardized Community-wide policy on border control, visas, political asylum, alien residency, and ultimately, citizenship, will be needed to manage the wave of would-be immigrants.

Inescapably, a European Community with no internal frontiers will complicate the process of maintaining a fair and orderly system of immigration into the Community, but Europhobia should not be permitted to threaten the E.C.'s overall goals. As the British newspaper The Guardian editorialized, "Freedom of movement is like freedom of speech. You don't ban it just because a minority abuses it." The challenge for the E.C. will be to insure that the abusers do indeed remain in the minority.

GLOBAL STANDARDS OF THE CONVENTION ON THE RIGHTS OF THE CHILD: AMERICA'S CHILDREN FORGOTTEN

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GLOBAL STANDARDS OF THE CONVENTION ON THE RIGHTS OF THE CHILD: AMERICA'S CHILDREN FORGOTTEN

ABSTRACT

The United States neither signed nor ratified the United Nations Convention on the Rights of the Child, a 1990 landmark treaty of international law for children's well-being. America's actual treatment of its children is compared with the Convention's international legal standards for family and parental role primacy; health care; and an adequate standard of living. Policy changes for the 1990s are also presented.

KEY WORDS:

Global Rights of Children, Global Family Policy, Global Standards

Global Standards of the Convention on the Rights of the Child:

America's Children Forgotten

A very real change in the legal status of global children occurred when 150 nations signed or ratified the United Nations Convention on the Rights of the child. This landmark treaty of international legal norms for the protection and well being of children became effective September 1990. Only the United States and 34 other major global nations have not agreed to the Convention, including Iraq, Bosnia-Herzegovina, Somalia, Libya, and South Africa.

Although in theory America's laws often meet the Convention's standards, the actual treatment of American children falls far short of these global standards. In fact, the United States lags far behind other global nations in the care and protection of its children and in respect for their fundamental rights:

-The United States is not one of the 70 nations worldwide that provide medical care and financial assistance to all pregnant women.

-The United States is not one of 63 nations worldwide that provide a family or child allowance to workers and their families.

-The United States is not one of 61 nations around the world that ensure or provide basic medical care for all workers and their dependents.

-The United States is not one of 127 nations around the world that permit employees to take paid leave (as in Canada, France, Japan, and Germany, among others) to care for their newly born or adopted children (Children's Defense Fund, 1992a: 1-2).

This paper compares America's actual treatment of its children with the Convention's international legal standards for the care of the world's children and respect for their fundamental rights in three areas: family and parental role primacy; health care; and an adequate standard of living.

Family and Parental Role Primacy

The primacy of the family and parental role permeates the Convention on the Rights of the Child. The Preamble affirms the family as "...the fundamental group of society and the natural environment for the growth and well-being of all its members and particularly children....and should be afforded the necessary protection and assistance so that it can freely assume its responsibilities within the community" (United Nations, 1989). Articles 7 and 9 emphasize the parental role and give the child the "right to know and be cared for by his or her parents" and prohibits the separation of the child from his or her parents against their will, except in the best interests of the child (United Nations, 1989). Additionally, six articles (5, 8, 10, 14, 22, and 37) require governments to respect the rights of parents to direct and guide their children in the exercise of their rights to freedom of thought, conscience, and religion (United Nations, 1989). And, finally, because parents are the primary caretakers of their children, Article 18 requires governments to "render appropriate assistance to parents...in the performance of their child-rearing responsibilities" (United Nations, 1989).

In theory, American law often meets the Convention's standards, but in practice, America's treatment of its children often falls far short of the Convention's standards. United States' laws, policies, practices, and program funding very often weaken and subvert the family and parental role. The Convention emphasizes that all sectors of society - schools, workplaces, landlords, the media, governments - must consider the impact of their decisions and actions upon families and parents. The following are examples where the Convention's global standards demand a change in policies and practices to address the need of America's children for strong families and parental care:

-Many workplaces, still insensitive to families' needs, place a tremendous stress on families by providing no flextime, no health insurance benefits, no family leave, and no child care.

-Some homeless shelters breakup families by accepting only women and young children or only men and older boys. They also subvert parental authority by making parental decisions regarding children.

-Discrimination against families with children in rental housing is still widespread, despite a 1988 federal law banning it.

-The television industry undercuts parental authority by persistently marketing to children, even preschoolers, through the promotion and glamorization of values that are often contradictory to parental values.

-Many schools still fail to engage parents as consultants, volunteers, supporters, and governors of their children's education, even though parental involvement enhances student achievement. In fact, in 1981 federal laws for parental involvement in compensatory education programs receiving federal funds (Chapter 1 programs) were weakened.

-Public and private funding is extremely insufficient for family support programs and home visiting programs for new parents, even though they have been proven valuable and are broadly available in many other global nations to give families the needed knowledge, skills, and resources to better care for their children (Children's Defense Fund, 1992a: 9-11).

Health Care

Article 24 of the Convention assures the right of every child to have "access to such health care services" as needed "for the treatment of illness and rehabilitation of health"(United Nations, 1992). Many United States' laws, policies and programs certainly acknowledge the importance of access to health care for children; however, the actual commitment of resources to accomplish this goal is extremely lacking, and, to date, America falls short of meeting the Convention's global health care standards for children. Nearly 10 million children in the United States are without health insurance and millions more live in areas where there is no access to physicians and clinics. While all elderly Americans over 65 years of age were assured their basic human right to health care in 1965 with Medicare, health care for children is still a privilege, not a basic human right. Children's health care depends upon where their parents work, in which state their parents live, or if their parents are rich enough to pay their medical bills (Sultzbaugh, 1993). Of all the issues studied by the National Commission on Children, Commission members were most moved by the wrenching consequences of poor health and the limited access to medical care for children:

> In urban centers and rural counties, we saw young children with avoidable illnesses and injuries, pregnant women without access to prenatal care, families whose emotional and financial resources were exhausted from providing special care for children with chronic illness and disabilities, and burned-out health care providers asked to do more than is humanly possible. Commission members were dismayed that in a nation as wealthy as the United States so many pregnant women are

> at risk of poor birth outcomes, so many babies are unhealthy, and so many children continue to suffer health problems that lead to unnecessary disease, disability, and death (National Commission on Children 1991a: 118).

By 1990, only 33% of employers paid for dependent health care coverage, compared to 40% in 1980 (U.S. Congress Congressional Research Service, 1988), and the proportion of children covered by their parents' employer health plans decreased nearly 14% between 1977 and 1987 (Vernaci, 1991). Deteriorating health insurance coverage and a severe shortage of clinics and doctors in thousands of inner-city and rural communities in America have left millions of low income families and children without access to even the most basic health care (Children's Defense Fund, 1991a). More than 21 million children and women of childbearing age live in "medically underserved areas." Eleven states and the District of Columbia experience a severe shortage of physicians and clinics. Office-based obstetrician-gynecologists are non-existent in over 50 percent of all the counties across the country, while single general or family practitioners are lacking in 212 counties (Children's Defense Fund, 1992a). In 1992, 70% of Medicaid dollars was spent on the elderly, while the remaining 30% reached less than 60% of America's poor children (Philadelphia Inquirer,1993). Additionally, there are millions of children and hundreds of thousands of pregnant women without health insurance because their family incomes are slightly above the Medicaid eligibility level and they are much too poor to buy private insurance (Children's Defense Fund, 1991a).

In addition to assuring the basic human right of access to health care for children, Article 24 of the Convention places additional, affirmative responsibilities upon ratifying nations to "pursue full implementation of (the child's) right" to "enjoyment of the highest attainable standard of health." This requires ratifying nations to institute "measures...(to) ensure appropriate pre-and post-natal health care," (to) "diminish infant and child mortality,...to ensure the provision of necessary...health care to all children with emphasis on primary health care,...to combat disease and malnutrition,...and to develop preventive health care...and family planning education services" (United Nations,1989).

The United States falls far short on meeting these global standards to promote maternal and child health. While the United States spends more per capita on personal health care than any other country, and perhaps leads the world in medical technology. it fails to rank in the top ten countries in four of the primary measurements that are crucial to children's health and well-being: prenatal care of pregnant women; infant mortality rate; low birthweight; and immunization for preventable diseases.

In 1989, more than 2 million babies were born to mothers who received no timely, adequate prenatal care (Children's Defense Fund, 1991a). And in 1990, America's infant mortality rate, at 9.1 deaths per 1,000 live births, was still higher than 21 other countries including Japan, Sweden, Canada, and France (U.S. Department of Health and Human Services, National Center for Health Statistics, 1991). Black infant mortality rates were double - nearly 18 deaths for every 1,000 live births, ranking the United States behind 31 other countries including Hungary, Poland, and Cuba (UNICEF: In Children's Defense Fund, 1991a). In 1988 more than 270,000 infants in the United States were born at low birthweight. Twenty-five other countries did better including Bulgaria, Jordan, and Czechoslovakia (Children's Defense Fund, 1991a).

Lastly, thousands of American Children are not immunized. In many of America's inner cities, one-third or fewer of preschool children have received vaccinations. In 1990 more than 70 percent of community health centers had vaccine shortages (Markowitz, 1991) and only 70 percent of two year olds were immunized against measles, mumps and rubella (Henderson, 1991). Twenty five thousand cases of the measles were reported with nearly 100 deaths, the highest death rate from measles since 1971 (U.S. Department of Health and Human Services, Centers for Disease Control, Forthcoming; Children's Defense Fund, 1991a; Children's Defense Fund, 1991b). Falling immunization rates and rising rates of preventive diseases have clearly demonstrated America's neglect of primary and preventive health care for its mothers and children. America needs to meet Convention standards and immediately implement universal health care for all pregnant women and children under 18.

An Adequate Standard of Living

Article 27 of the Convention recognizes four principles related to the economic security of the globe's children:

(1) the right of every child to a standard of living adequate for the child's physical, mental, spiritual, moral and social development;

(2) (parents) have the primary responsibility to secure, within their abilities and financial capacities, the conditions of living necessary for the child's

development;

(3) state parties shall take all appropriate measures to ensure the recovery of maintenance for the child from the parents or other persons having financial responsibility for the child; and

(4) (ratifying nations) in accordance with national conditions and within their means shall take appropriate measures to assist parents and others responsible for the child to implement this right (to an adequate standard of living) and shall in case of need provide material assistance and support programmes, particularly with regard to nutrition, clothing and housing(United Nations, 1989).

Considering the enormous wealth of the United States, its record for assuring an adequate standard of living for its children when their parents cannot or do not is abysmal. Child poverty rates in the United States are two to three times higher than those in other Western democracies such as Canada, France, Great Britain, the Netherlands, Sweden, and West Germany. These and many other nations have successfully utilized social insurance programs and labor market policies to help families with children escape poverty; the United States has not. As its Gross National Product soared in the1980s to an all-time new high, America allowed child poverty to soar as well (Children's Defense Fund, 1992a).

The childrenization of poverty has become a reality in America today. In 1991, nearly 22% of America's children were living in poverty, a total of 14.3 million children---4 million more than in 1979 and more than in any year since 1965. An estimated 10,000 American children die every year from the effects of poverty and many more poor children experience inadequate health care, hunger, family stress, inability to concentrate in school and school drop out (Children's Defense Fund, 1992a). On June 15, 1993, the Center on Hunger, Poverty and Nutrition Policy at Tufts University estimated that 18 % of United States children under the age of 18 experienced hunger in 1991. Mississippi had the highest rate at 34%, with West Virginia, Arkansas, Kentucky, Alabama and Texas among the top ten (Press Enterprise, 1993).

Children comprise 40% of all Americans who are living in poverty, while the elderly make up only 10% of the poor (U. S. Bureau of the Census, 1991). For the last twenty five years, Social Security and Medicare, have ensured America's elderly an adequate standard of living and universal health care, and as a result the poverty rate of the elderly plummeted more than 50% between 1966

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and 1986 (Palmer, 1988). Both of these liberal entitlement-social insurance programs were paid for by higher taxes on the working-age population, including poor families raising children.

Compared to the 1970s, America's children are now falling farther below the poverty line. In 1991, 45% of poor children in the United States---or more than 6 million children---were living in families with incomes below 50% of the poverty level. For a family of four, this was an income of less than $7,000 a year, or $580 per month. (Children's Defense Fund, 1992a).

Contrary to the cultural stereotype that all poor children are on welfare and from non-working families, millions are from working poor families. In 1991 nearly two of every three poor families with children had at least one worker, employed either part-time, part-year, or both; and almost 3 million poor children lived in families with a full-time, year-round worker (Children's Defense Fund, 1992a).

Many of today's poor children live in young families who are trying to get established. From 1973 to 1990 the median income of young families headed by parents under 30 plummeted 32 percent after adjusting for inflation, while the child poverty rate in these families doubled from 20 to 40%. In 1990, twenty percent of children in two-parent young families were poor; thirty-three percent of children in young families headed by a high school graduate were poor; and more than twenty-five percent of children in white young families were poor. As more and more young children spend their most developmentally vulnerable years in poor young families, the next generation of Americans will be profoundly affected (Children's Defense Fund, 1992a)

Long-term economic and social trends as well as government policies have produced the breadth and depth of poverty experienced by American families raising children. When a parent leaves the home, family income drops by more than one-third and the chances of the children being poor increase one hundred percent. In part, this is due to the current child support system which is very inadequate and in need of reform. As noted by the Children's Defense Fund (1992a: 21):

> -Nearly two-thirds of all families with an absent parent received no child support in 1989.
> -Among families without child support awards in 1989, nearly half wanted to obtain one, but had been unable to do so.
> -Only about half of the 4.8 million families with children who had child support awards in 1989 and were entitled to receive

regular payments from the absent parent actually received the full amount.

The economic cycles of the 1980s and 90s have hurt children and their families more than in the past. For example, between 1979 and 1983, 3.5 million children fell into poverty because of back-to-back recessions. But when the economy grew from 1983 to 1989, less than 40% of them came out of poverty. This pattern seems to be repeating itself in the 1990s, with a predicted result of 15 million poor children in the United States by the year 2,000. For example, the recent economic recession between 1989 and 1991 threw nearly 2 million children into poverty, with the child poverty rate increasing nearly 2%, to 21.8%. The nation's schools as well as alternative education and job training programs have also failed to keep up with the increasing demands of young adults for jobs that can support families.(Children's Defense Fund, 1992a)

A low federal minimum wage; declining hourly and weekly wages; and the decline of manufacturing jobs, demand for low-skill labor, and role of unions have also hurt families raising children. Between 1973 and 1991 the average weekly wage or salary of non-executive and non-manager workers fell 19%, retreating to the 1950s' level. The rich and families without children have gained economic ground, while the poor, the middle class, and families with children have lost economically (Children's Defense Fund, 1992a).

Erosion of government social programs in the 1980s has also thrown children and their families into poverty. Unemployment Insurance, AFDC, and food stamps were gravely weakened by cuts and freezes during the conservative era of Supply Side Economics. For example, unemployed workers were less likely to receive unemployment insurance than 20 or 30 years ago, while inflation-adjusted AFDC benefits in the median state fell two-thirds from 1970 to 1991. Today, nearly 8 in 10 elderly persons, but only 1 in 10 children are lifted out of poverty by government transfer programs. America has the wealth to combat child poverty, but it has miserably failed its 14 million children who cry out for an adequate standard of living (Children's Defense Fund, 1992a).

Conclusion

The United States has isolated itself in the global community by refusing to sign and ratify the United Nations Convention on the Rights of the child. One hundred and fifty nations had agreed to the

Convention by September 1992. Within two years of ratification, and every five years thereafter, ratifying nations are required to report what they have done in actual practice to implement these international legal norms for the protection and well being of their children. These reports must also be widely distributed through the media in their own country.

In theory, America's laws often meet the Convention's global standards in the areas of family and parental role primacy, health care, and an adequate standard of living. However, in practice, the care and protection of American children, as well as respect for their fundamental rights lags far behind other global nations. America's families with children desperately need to be politically empowered so that United States' laws, policies, practices, and program funding patterns will strengthen, rather than weaken the family and parental role. Thus, all American children will be assured their basic human rights to health care and an adequate standard of living for their physical, mental, spiritual, moral, and social development.

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BLOOMSBURG
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Narrative Images

A statement on the visual image and the motivation for exploration within the consciousness of creative act. The three watercolors described were exhibited at the Global Awareness Society International in New York City, July 1993

212 Old Science Hall, Bloomsburg University, Bloomsburg, PA 17815 (717) 389-4646
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Global Awareness Society International New York 1993

Exhibition of paintings Kenneth T. Wilson   Bloomsburg University
Chair, Art Department

Narrative Images

My narrative images are usually drawn with ink then completed with watercolors. The touch of the ink on the paper is a commitment that is irreversible, therefore after the original idea is started, every line placed is reflected upon the first mark, constructing the narrative directly into visual form. Without changes in the drawing, the figures stay very much the same as when they were initiated from the conception, giving a freedom to the thought. As in all paintings, the color creates the dynamics of the piece, and allows the painting to exist on its own, luring the viewer into the substance of meaning within the narration. My previous paintings have reflected my concerns toward the increasing nationalism in the world and my experiences of travel in different cultures. This exhibit presents three paintings, representing my reactions both to the larger issue of the artists relationship to proposed standards and to the exchange of visits to the Kyoto area of Japan. This series is called "The Heat of the Pine".

The initial painting is The Artist. The King and the Queen offer the Royal Seal which represents material wealth as well as subservience to the realm. In the beautiful film Tousles Matins du Monde, the composer Sainte Columbe refused to come to the court of Louis IV, preferring instead to stay in the country to compose and play his instruments. Throughout the history of all arts, artists have rebelled against the standards of church, royalty, the academy and perhaps the most dangerous of all, material wealth. In this painting I have suggested the avenue awaiting this artist in the predella panel on the bottom.

The next painting, The Clay, brings elements into the narration that contribute to the development of the artist. Shigaraki, with its many ponds of rice, bordered with brooding mountains has been the center of Ceramics for since the 11th century. The colors of the unglazed ware are reflective of the natural qualities found within this district. Again the predella panel explains some of the activity of this craft.

The third painting, The Firing, is centered upon my experiences in the firing of the kiln last May but extends to the first day at Shiho Kanzaki's home in the Shigaraki district. With this painting, the fire dominates the total depth of the painting and even the royalty figures, generally found in my paintings in a place of prominence, seemed overwhelmed by the intensity of the fire. A potter is seen twice while assistants strive to keep the fire going to the temperature needed. The kiln, found in the upper right of the surface, relates to the vision of the ricelands that mark its beginning.

Styles change but the art is the same. The artists strive for individualism while gathering strength from the nature of the Universal statement. Contemporary art still remains timeless in reflection of the history of all art.

Recent exhibitions of narrative work have been at the Demuth Foundation in Lancaster, Pennsylvania, 1991 and the Sordoni Gallery in Wilkes-Barre, Pennsylvania 1993.

FINANCING PRIVATIZATION IN NEWLY EMERGING DEMOCRACIES

ABSTRACT

Each nation needs its own approach to financing privatization for each is unique in the level of the structural adjustments, the development of the financial istitutions, capital markets, the political system, and its economic policies. Financing a massive scale of privatization is mainly based on some form of distributive schemes in which shares are distributed free. The pupose of this paper is to examine the techniques of financing economies that are near bankrupcy and the role of both foreign aids and private foreign investments in the newly emerging democracies of today.

BY

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FINANCING PRIVATIZATION IN DEMOCRATIZATION PROCESSES

Property rights and private ownership are the foundation of market-based economies. "Privatization[1] of state owned enterprises" has become both the "catch word, and a formidable task in breaking down non-performing government economic structure and replace them with efficient private enterprise system. It is said that the greater role of the private sector would provide conditions for more productive use of scarce resources of the nation, conserve these scarce resources, encourage savings and investment, and lead to economic development. The views of the World Bank, the major supplier of development funds has been shifting as revealed in the 1992 World Development Report. It is argued, among many reasons, that the over-extended state structures had distorted development performance; and thus, ways of scaling back the state's role had to be identified to promote economic efficiency and to create space for the market forces essential to sustain this efficiency. The IMF, sharing the Bank's views, has been concerned with the impact of a) governmental budgetary deficits, b)external indebtedness, c) balance of payment problems and favored liquidation over privatization of state enterprises. Everyone realizes that privatization is more of a political problem than a financing one.

In an effort to finance the enormous tasks of privatization, several economies tried various approaches. Each nation needs to have its own method of financing privatization for each is unique in the level of the structural adjustments, the development of the capital market, the type of government and its economic policies, and the level of per-capita income and the national saving levels. Chile, for example, undertook one of the most extensive privatization process in the developing nations. Nearly every sector of Chile's economy has been involved ranging from small to very large state owned enterprises and banks, total of some 400 corporations. " Overall, these efforts are now judged as broadly successful (Helen B. Nankani, 1990). In about the same time, Sri Lanka and Malaysia were also embarked on privatization in their own way. Perhaps, the critical ingredient in the Malaysian privatization experience was the political will at the highest levels of government which has been an important influence in their success.

These countries utilized various financing techniques in their privatization processes. The most commonly used technique involved: 1) public offerings of shares 2) private sales of shares 3) sales of government assets or enterprises in separate entities (or subdividing them into holding companies and several subsidiaries) 4) management and/or employee buyouts 5) leasing 6) contracting out of functions. A recent World Bank study reveals that the single most popular financing method, in these nations has been the private sale of shares or assets to single buyers. The Bank survey includes about 530 recorded privatization transactions in some 90 countries. This has been true in Sub-Saharan Africa as well as in countries such as Brazil, Italy, and Spain. Sales often serve as the only alternative in the absence of a developed equity or capital markets, for weak and non-performing state enterprises, and for those too small to justify public offerings.

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[1] The term "privatization" and "divestiture" are frequently used interchangeably in this study.

The public sale of shares, carries the emphasis on attaining a widespread distribution of ownership (like the privatization of Banco de Chile -shares sold to private small investors). The Malaysian Airlines systems used various financing instruments simultaneously. There was an offer of the existing shares, and offer for subscription of new shares were handled at the same time. For yet another enterprise, Malaysia used a combination of an outright sale of movable assets, the leasing of immovable assets, and a management contract, to be followed after a two-year period by a sale of shares to the Malaysian public. In Sri Lanka, the financing method used include complete and partial transfer of assets, joint ventures, and management contracts. To be able to do that, Sri Lanka broke up large corporation into small subsidiaries. There had been firms and assets of larger firms that were better candidates for immediate liquidation rather than privatization. Overall, privatization is just one facet of the larger policy issue of private sector development.

Privatization in other parts of the world have similar approaches. In Ghana, for example, "of 52 state industries, the four large ones were sold outright to Ghanian entrepreneurs and five were placed under joint venture arrangements with foreign firms". Some leading hotels were leased out. In financing privatization in Africa, "over three-fourth of the 218 cases of which the World Bank had record were accounted for by private sales (42.6 percent), management contracts (21.6 percent), and the sale of assets(13.3 percent)" (Cadoy-Sekse and Palmer, 1988). These figures do not include liquidation, contracting out of services, and the direct distribution of state assets as financed through government deficit.

New Zealand experienced the process called "corporatization". The process puts the state-owned entrepreneurs on a commercial basis while still retaining government ownership. This will make them marketable and improve the performance of the enterprise. Performance did improve. The privatization was financed through sales of shares. Hungary decided to face up to its challenge to create conditions that will permit farming to operate as a business, with all the monetary rewards for success and the threat bankruptcy for failure. It faced issues like ownership of land assets, reduction of subsidies and price controls, and development of the domestic and export markets. The government needs to develop guidelines so that land market can emerge. The government has reduced subsidies that encourage production of a specific products. Farming as business is now competitive in Hungary but there needs to be a land office to insure that transactions are made public and transparent. Thus, privatization in Hungarian farming is now the distribution of land to individuals and the development of policy environment within which the private sector can assume responsibilities for its decisions (Ringlein, 1990).

In Eastern European countries, financing the massive scale of privatization is mainly based on some form of distributive schemes in which shares are distributed free, or sold for nominal charge to the private sector. They use these schemes to avoid the problems of valuation of assets or enterprises where there are no developed capital markets or wealthy investors. In Czechoslovakia and Romania, (1) free distribution of 'vouchers system' exchangeable for enterprise equity were used. This financing technique creates ownership structure that is 100 percent private ownership. The market for private shares are developing where citizens sell their shares to any buyers including foreign investors. Share sold or auctioned up to 50 percent to citizens, 20 percent to foreigners, and 30 percent to government. (2) Financial intermediaries that sell stocks to the public in exchange for the vouchers (Frydman and Rapaczynski, 1990). The citizens owned mutual funds. (3) New financial intermediaries were created based on mutual fund share sold to private citizens (20%), pension funds (20%), banks (10%), workers (10%), managers (5)%, and government for later privatization (35%). (4) These countries also used citizens owned holding companies with 100 percent ownership interest. Financing is done by free distribution of shares to all citizens. It is managed by competitive management team with government supervision in place. And (5) they utilized self-management system where current employees acquire a non-transferable ownership right to the assets.

In Czechoslovak initiative, the vouchers were to be denominated in 'points' and could only be used to bid for shares in state-supervised auctions of individual state enterprises. In Romania, vouchers may have a predetermined monetary value, and it appears that the intention is to offer enterprise shares at a value close to book value. Vouchers also entitles the bearer to acquire shares in a particular enterprise.

There are several problems with these financing techniques. 1) There will be quite a lag till the democratic and economic environment becomes such that market prices reflect relative scarcities. Even if there was the environment, there will a long time before the individuals are able to read correct market signals and make decisions based on such signals. 2) In purely voucher plan there are at least two problems: a) the public may not be able bid rationally in the auction for individual assets and enterprises. One main reason is the shortage of expertise to assess the value of enterprises; b) Due to the huge size of the auction every problem is logistically compounded; c) the liquidity value of the vouchers would be considerably reduced if they were nontransferable (as in Romania). In using the financial intermediaries and their mutual fund shares, though mutual funds would be private, their managers would effectively be subject to little shareholder control. Moreover, despite its minority holdings, state participation would still enable the government exert considerable influence on the business decisions.

In practically all of the Eastern European nations, at present, these public enterprises are the most important sources of financing government budgets. Both enterprise taxes and profits finance the government. Distributing free vouchers and thereby redistribution of the enterprise assets to the private citizen free of charge can leave the government with substantially less funds to operate with. In an attempt to defray that, in Russia for instance, the central government would receive 10 percent of the citizen shares and the republics' governments receive 20 percent. These shares would provide a source that would reduce reliance on other taxes.

One of the popular means of financing privatization has been the self-management approach. This is the direct transfer of ownership right to the workers of each plant. The major problems with such approach would be the whole question of fairness for this method of asset transfer would benefit only a limited segment of the population. There is also the problem of efficiency of self-managed enterprises. In addition, it would be hard to attract private investors to such enterprise because the workers have the capacity to certain dividend payments by simply granting huge salary increase to themselves. If workers do not acquire control of the board of directors, employee ownership would pause less problems.

A successful financing of privatization initiative should create conditions for the achievement of two essential objectives. It create a management-ownership structure conducive to profit maximization. Such financing of privatization should prevent potentially serious fiscal problems for the government.

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